EXHIBIT PJG-1T(R)

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

IN THE MATTER OF THE APPLICATION OF **QWEST CORPORATION DBA CENTURYLINK QC** **FOR AN ORDER AUTHORIZING THE TRANSFER OF ASSETS, OR A DETERMINATION THAT AN ORDER AUTHORIZING THE TRANSFER IS NOT REQUIRED**	**DOCKET NO.: UT-250544**

DIRECT TESTIMONY

OF

PETER J. GOSE

ON BEHALF OF

QWEST CORPORATION dba CENTURYLINK QC

August 22, 2025

REDACTED
Shaded Information is CONFIDENTIAL Per Protective Order in Docket UT-250544

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Peter Gose. My business address is 14530 NW 63rd St, Parkville, Missouri, 64182-8703. My business email address is peter.gose@lumen.com.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Lumen Technologies, Inc., parent company of Qwest Corporation; CenturyTel of Washington, Inc.; CenturyTel of Inter Island, Inc.; CenturyTel of Cowiche, Inc.; and United Telephone Company of the Northwest (collectively, "CenturyLink"). For Lumen Technologies I work as Senior Director of Regulatory Affairs, leading a team with responsibilities for incumbent local exchange operations in 18 states, and competitive local exchange carrier and interexchange carrier regulatory matters in all 50 states, Guam, Puerto Rico, the United States Virgin Islands, and Canada.

Q. HOW LONG HAVE YOU BEEN EMPLOYED BY LUMEN?

A. I have been employed by Lumen Technologies since March 2021.

Q. PLEASE STATE YOUR QUALIFICATIONS TO PROVIDE TESTIMONY IN THIS PROCEEDING.

A. My employment history spans 36 years of direct and relevant experience in the communications industry. I began my career as a management and telecommunications analyst with the Missouri Public Service Commission ("MoPSC") where I focused on state and federal telecommunications issues. During my tenure with the MoPSC I was

loaned to the Federal Communications Commission for special projects. I continued my career with the National Exchange Carrier Association ("NECA") where I was responsible for interstate access tariff management, interpretation, and training for 14 western states and United States territories. After enactment of the Telecommunications Act of 1996, I transitioned into a consulting role and co-founded QSI Consulting in 1999. Beginning in 2007 I took on the role of Government and Regulatory Affairs Director for Coral Wireless, LLC d/b/a Mobi PCS, which was a facilities-based regional wireless provider serving the entire state of Hawaii. While serving as the Government and Regulatory Affairs Director at Mobi PCS, I also concurrently held responsibilities as Director of Customer Care and as Director of Site Acquisition and Development at various times.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.

A. I received a Bachelor of Science degree from Northwest Missouri State University with dual majors in Finance and Management, and a minor in Economics. I went on to earn a Master of Business Administration degree from Northwest Missouri State University. I also hold a Bachelor of Science degree in Accounting earned from Lincoln University. In 2023 I completed an A.A.Sc. degree in Cybersecurity at the Metropolitan Community College of Kansas City.

In addition to the aforementioned higher education, I have also participated in training germane to the subject matter of this docket. Specifically, I have completed the National Association of Regulatory Utility Commissioners Annual ("NARUC") Fundamentals Course in Regulatory Studies, and the Practical Regulatory Principles Training taught by the New Mexico State University Center for Public Utilities. I have received training in

telecommunications cost separations from Ernst & Young and the United States Telephone Association. Additionally, I completed the Modern Finance Theory for Regulated Industries training sponsored by the University of Missouri. While not specific to utility industry oversight, I have also completed the Federal Bureau of Investigation Citizens' Academy sponsored by the United States Department of Justice.

Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION?

A. Yes, I have. A copy of my curriculum vitae, which includes a listing of the telecommunications matters in which I have participated, is attached as Exhibit PJG-2.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS DOCKET?

A. In this testimony I will explain why the proposed transfer of certain fiber and fiber-related assets from Qwest Corporation (d/b/a CenturyLink QC, herein "CenturyLink") to Forged Fiber 37, LLC, a wholly owned indirect subsidiary of AT&T Inc. (collectively, "AT&T") (the "Transaction"), will cause no harm to Washington consumers and is consistent with the public interest. In particular, I will demonstrate that the portion of the Transaction that arguably could be subject to the Commission's jurisdiction involves only a very small portion of CenturyLink's Washington operations– specifically, a limited subset of CenturyLink legacy telephone customers whose "Plain Old Telephone Service" is provided over passive optical network fiber-optic facilities (sometimes called "POTS over PON" or "PoP" customers), who will remain CenturyLink customers after the Transaction closes and almost all of whom live in metropolitan areas of the state. I will describe those customers and explain why the mass markets fiber being sold to AT&T is

not best described as traditional "access lines," as the term is defined under the Commission's rules.[1] I will also discuss how relatively few such PoP customers remain, how rapidly Lumen's voice subscriber base as a whole has declined over the past two decades (over 90% since 2000), and the numerous alternative voice service options available to these customers in the marketplace. Additionally, I will outline CenturyLink's commitments to continue serving these customers post-Transaction – including an arrangement with AT&T to utilize fiber loop capacity (the "F2" fiber distribution plant) where needed – so that existing POTS over PON customers will experience no disruption in service. Finally, I will address the financial benefits of the Transaction, namely the significant strengthening of the parent company's ("Lumen") balance sheet through debt reduction (with roughly $300 million in annual interest expense savings) and elimination of substantial capital expenditures (approximately $1 billion per year). I will conclude with a brief personal perspective from the vantage point of a current AT&T fiber customer on the reliability and benefits of AT&T's fiber services.

Q. WHAT IS THIS TRANSACTION ABOUT, AND HOW WILL IT BENEFIT CUSTOMERS OF CENTURYLINK AND AT&T?

A. The Transaction will benefit consumers in Washington. The Transaction will improve the financial position of Lumen Technologies, allowing it to significantly reduce its debt. CenturyLink will continue serving its voice customers and fulfill regulatory obligations associated with these services, while at the same time having additional financial flexibility. I also understand that AT&T, with its significant financial resources, technical

[1] WAC 480-120-021 ("**'Access line'** means a circuit providing exchange service between a customer's standard network interface and a serving switching center.").

and managerial expertise, will expand fiber investment in Washington, more aggressively market fiber high-speed fiber services, and be able to offer converged bundles of home internet and AT&T mobile wireless services, all consistent with the Commission's promotion of economically efficient broadband infrastructure. The small portion of the Transaction that is arguably within the Commission's purview will certainly cause no harm to customers of regulated voice service in Washington.

II. TRANSACTION SCOPE AND IMPACT ON WASHINGTON SERVICES

Q. PLEASE SUMMARIZE THE SCOPE OF THE TRANSACTION AS IT RELATES TO WASHINGTON STATE.

A. As set forth in its Application, Lumen has agreed to sell a significant portion of its mass-markets fiber-to-the-home business in 11 states, including Washington, to AT&T. In Washington, this primarily means the transfer of fiber optic facilities and associated *broadband* operations that serve residential and small business customers (marketed as "Quantum Fiber"). Exhibit PJG-3 contains a map depicting the CenturyLink wire centers in Washington where mass markets fiber assets are to be sold to AT&T.

Q. IS THE ENTIRE TRANSACTION BEFORE THE COMMISSION FOR REVIEW AND APPROVAL?

A. No, it is not. At most, the only portion of the Transaction that is before the Commission for consideration is Qwest's sale of fiber and fiber-related assets being used to provide regulated voice services. As discussed below, even those should not require Commission approval, as the portion of the assets being sold do not constitute a traditional "access line."

Of key importance is that the vast majority of services provided over the fiber facilities being sold to AT&T are *broadband Internet access services* – which are not subject to state utility regulation. The only regulated telecommunications services implicated by this sale are *legacy voice services* (POTS) delivered to a relatively small number of CenturyLink customers over fiber connections instead of traditional, circuit-switched copper loop pairs. CenturyLink currently serves approximately [redacted] such POTS over PON voice customers within the Transaction perimeter in Washington, and they will all remain CenturyLink voice customers following the Transaction. These POTS over PON customers are a small fraction ([redacted]) of CenturyLink's remaining voice connections in the state, and the fiber technology used to deliver service does not function in the same manner as traditional copper "access lines" in a manner that triggers Commission jurisdiction. All other CenturyLink voice customers in Washington (including those served over copper loops, or by CenturyLink's and its affiliates' enterprise voice platforms) are outside the scope of this Transaction and, in any event, will remain with CenturyLink/Lumen, as will all enterprise and wholesale services and the underlying core network.

To be clear, the pure broadband services and customers of Qwest and Quantum Fiber (Qwest's unregulated local fiber affiliate) are outside the scope of the Commission's jurisdiction. The Commission's jurisdiction reaches only the provision of telecommunications (telephone exchange) service, which in this context potentially means the POTS dial-tone service some customers receive alongside or over the fiber broadband connection. Those are the "PoP" customers referenced above. No other services in Washington relevant to this Transaction require Commission approval or oversight.

Q. PLEASE DESCRIBE HOW MASS MARKETS FIBER TO THE PREMISES FACILITIES ARE DEPLOYED IN CENTURYLINK'S AND ITS AFFILIATE'S NETWORKS TODAY.

A. Certainly. In CenturyLink's mass markets fiber service architecture, the delivery of service to the customer premises originates at a CenturyLink central office, where it is initiated by an electronic device known as an Optical Line Terminal ("OLT")—a component that will be described in greater detail later in this testimony. The OLT is connected via fiber jumpers to a fiber distribution panel ("FDP"), which serves as a cross-connect point. At this panel, the jumpers from the OLT are linked to the terminal end of an F1 feeder fiber cable, which routes through the central office's cable vault.

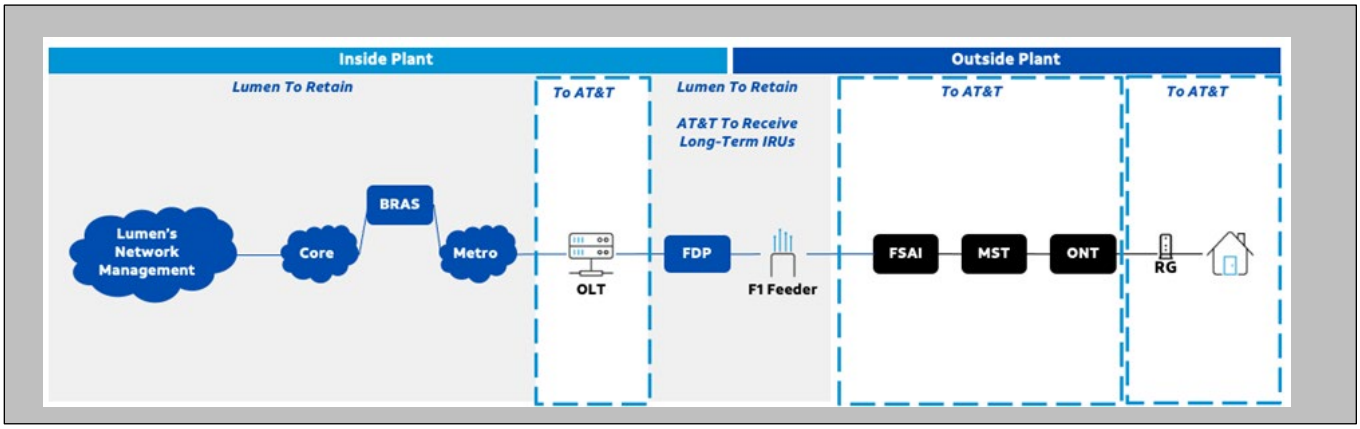
The F1 feeder cable then exits the central office and extends through the outside plant infrastructure, ultimately terminating at a Fiber Serving Area Interface ("FSAI"). The FSAI is typically located in the neighborhood of the end user customer. Within the FSAI, the F1 feeder fiber is cross-connected to F2 distribution fiber, which traverses residential or commercial areas and terminates at a Multiport Service Terminal ("MST").

At the MST, individual fiber strands—commonly referred to as fiber drops—are connected and routed toward individual customer premises. These drops may be deployed either aerially or underground, depending on local deployment conditions, and terminate at an Optical Network Terminal ("ONT"). In one aspect the ONT is similar to the Network Interface Device ("NID") utilized in legacy copper architecture in that it terminates the F2 cable and provides a demarcation point between the Company and the customer; unlike a NID, however, the ONT contains electronic functionality that a

traditional NID does not. The ONT may be mounted externally on the customer's building or installed within the interior of the premises.

The final segment of the service path involves a connection between the ONT and a Remote Gateway ("RG"), which facilitates local network distribution and customer access to broadband services. Diagram 1 provides a visual representation of the end-to-end fiber service path described above. The functions of each of these components are more fully described and illustrated below.

Diagram 1: End to End Fiber Service Path.



Q. WHICH OF THE NETWORK COMPONENTS YOU DESCRIBE ABOVE WILL STAY WITH THE COMPANY AND WHICH WILL CONVEY TO AT&T THROUGH THE TRANSACTION?

A. Post Transaction, CenturyLink will retain the FDP and the F1 feeder fiber from the central office to the FSAI. AT&T will acquire the OLTs, FSAIs, MSTs, ONTs, RGs ad the F2 fiber itself. See Diagram 1.

Q. STARTING WITH THE OLT, PLEASE PROVIDE MORE INFORMATION ON THE VARIOUS NETWORK COMPONENTS THAT ARE COMBINED TO PROVIDE A FINISHED DATA SERVICE FOR MASS MARKETS CUSTOMERS.

A. An OLT is a key piece of equipment used by internet service providers to deliver high-speed internet over fiber optic cables. It is typically located in a secure facility like a central office or in a protected outdoor enclosure. The OLT sends data signals as pulses of light through fiber optic cables to multiple homes or businesses, and it also receives signals back from them. Essentially, it acts as the main hub that manages and distributes internet traffic between the provider's network and the users connected via fiber. A photo of a rack of OLT devices can be viewed in Exhibit PJG-4C.

Q. WHAT ROLES DO THE FDP AND THE F1 FEEDER FIBER CABLE PLAY.

A. To facilitate connectivity, fiber jumpers are used to link the OLT's output ports to an FDP, which serves as a structured interface that organizes and manages fiber connections. The distribution panel typically consists of adapter plates and splice trays, allowing for efficient cross-connection and signal routing.

At this panel, each fiber jumper from the OLT is cross-connected to a designated port that interfaces with the F1 feeder cable using fiber connectors. The FDP ensures signal integrity, simplifies maintenance, and provides a scalable point for network expansion.

Once connected at the FDP, the F1 feeder cable (a high-count fiber cable) routes through the cable vault of the central office. The cable vault provides physical protection and structured routing for all outbound cables.

From the vault, the F1 cable exits the central office and enters the outside plant infrastructure, which includes underground conduits, aerial pathways, or direct-buried routes. The cable is engineered to withstand environmental stressors such as temperature fluctuations, moisture, and mechanical strain.

As the F1 cable traverses the outside plant, it may pass through intermediate splice enclosures or handholes, depending on the network topology. Its path is strategically planned to minimize light level loss and ensure optimal signal delivery. Photos of an FDP and an F1 fiber feeder cable exiting a cable vault are shown in Exhibit PJG-5C and PJG-6C, respectively. The F1 feeder cable ultimately terminates at an FSAI.

Q. PLEASE DESCRIBE THE FUNCTION OF THE FSAI.

A. An FSAI cabinet is a field-deployed, environmentally hardened enclosure that serves as a critical distribution and cross-connect point in a fiber-to-the-premises ("FTTP") network. It facilitates the transition between high-capacity F1 feeder fiber originating from the central office and F2 distribution fiber that extends into residential or commercial service areas.

The F1 feeder cable enters the FSAI cabinet through a sealed conduit or cable entry port. Upon entry, the cable is routed to an internal splice tray or patch panel, where individual fibers are spliced to jumpers that terminate in adapter ports, or are directly connected to patch panels using factory-terminated connectors.

The FSAI cabinet contains components that facilitate fiber management and signal routing that include patch panels, splice trays, and splitter modules to divide the signal from a single F1 fiber into multiple outputs for F2 distribution. Once cross-connected or

split, the F2 distribution fibers exit the cabinet through designated cable ports. Photos of an FSAI are included as Exhibit PJG-7C and PJG-8C, respectively.

Q. ABOVE YOU MENTION F2 DISTRIBUTION FIBER. PLEASE DESCRIBE THAT CABLE IN MORE DETAIL.

A. As described above, F2 distribution fibers sit between the FSAI and the customer premises. From the FSAI, the F2 fibers exit the cabinet through designated cable ports. F2 fiber typically serves a smaller geographic area and is designed to support individual customer connections via drop fibers. The F2 fiber terminates at the MST. An MST is a compact, weatherproof enclosure that serves as a distribution point for fiber optic cables. It connects the F2 distribution to drop fibers that go to individual homes or buildings at designated ONT installation points. A photo of an MST is included as Exhibit PJG-9C.

Q. WHAT FUNCTION DOES THE ONT PROVIDE IN THE MASS MARKETS FTTP ARCHITECTURE?

A. The ONT is a device that terminates the fiber optic line at the customer's location. It converts the optical signals transmitted over fiber into electrical signals that can be used by standard home networking equipment. The ONT is installed by the service provider and serves as the demarcation point between the provider’s network and the customer’s internal network. The ONT provides Ethernet output to connect to a router or gateway. A photo of ONTs attached to a customer premise is included as Exhibit PJG-10C.

Q. TO CONCLUDE THE DISCUSSION ON FTTP NETWORK COMPONENTS, PLEASE DESCRIBE HOW AN RG IS UTILIZED.

A. The RG is typically a customer-owned or provider-supplied router that connects to the ONT and manages the local network. It handles routing, Wi-Fi, firewall, and device management within a home or business. The RG connects to the ONT via Ethernet and provides Wi-Fi and wired LAN connectivity. It also manages IP addressing and can be remotely managed by the service provider, hence the "remote" gateway nomenclature. A photo of a current RG is included in Exhibit PJG-11C.

Q. EARLIER IN YOUR TESTIMONY YOU SAID THAT THE SALE OF CENTURYLINK FIBERS BEING USED TO PROVIDE POTS OVER PON SERVICE WOULD NOT REQUIRE COMMISSION APPROVAL. WOULD YOU PLEASE EXPLAIN THAT STATEMENT?

A. Backing up a step, CenturyLink is regulated by an Alternative Form of Regulation ("AFOR"), the most recent of which was approved in July 2025 in Docket UT-240029. As relevant to this Transaction, CenturyLink must only seek Commission approval of the portion of this Transaction that is conveying "access lines" (if any) to AT&T. The only Transaction assets that arguably could be considered "access lines" are the strands of fiber (and related electronics) currently being used to provide POTS over PON service to approximately [redacted] Washington customers. And while I am not an attorney and am not providing expert legal testimony, I do not believe these fiber optic connections are "access lines," as I read the applicable rule.

Q. **IS A FIBER OPTIC CABLE BEING USED TO PROVIDE POTS OVER PON SERVICE A TRADITIONAL "ACCESS LINE"?**

A. I don't believe so. Under Commission rules (specifically WAC 480-120-021), an "access line" is defined as the *circuit* between a customer's premises and the serving switch that provides exchange telephone service. In legacy networks, this is a copper wire pair delivering dial tone from the central office. In the case of PoP customers, voice service is provided as an *application* over a broadband fiber connection. These fiber-fed lines do not use a *circuit*-switched path from a local Class-5 switch as a traditional access line would, and as the rule appears to envision. Instead, the customer's analog phone is typically connected to an ONT at the premises (as I described above), which converts voice signals to IP packets that traverse the fiber data network to a softswitch or voice or media gateway. In other words, the *physical fiber* is part of an information service (broadband Internet access). Thus, while the end-user perceives the same functionality (dial tone, a telephone number, the ability to call 911, etc.) from a regulatory classification standpoint the phone service is provided in a technologically different way and is not circuit switched, as the "access line" definition references. The practical significance of this is that the transfer of fiber facilities to AT&T does not implicate any statutory "access line" thresholds or erode the base of regulated telephone lines in a way that would impact Washington's universal service programs or similar public interest considerations.

Furthermore, as described in more detail below, CenturyLink's PoP (voice) customers will remain with CenturyLink, and are not being transferred to AT&T.

A second reason that the fibers carrying POTS over PON service are not "access lines" per WAC 480-120-021 is that AT&T is not acquiring the entire "loop" between the "customer's premises and the serving switch." CenturyLink is retaining the F1 feeder portion of the fiber, while AT&T is obtaining only the F2 distribution. See Diagram 1. As depicted in Exhibit PJG-12C, the F1 distribution fiber length is substantially longer than the F2 distribution fiber. The map in this exhibit illustrates 8 complete fiber connections (F1 and F2) between the Kent O'Brien central office and all PoP subscriber locations within the Kent and Tukwila, Washington areas inside the Kent O'Brien wire center. The map in Exhibit PJG-12C, and the table below summarizing the PoP fiber connection lengths shown in Exhibit PJG-12C, demonstrates that the F1 fiber spans make up the vast majority of the length of the overall fiber connection. For all subscribers in the Kent O'Brien wire center, the F1 feeder fiber CenturyLink will retain is 5 to 17 times longer than the F2 distribution fiber being purchased by AT&T.

	Fiber Lengths		
	F1		F2
	Miles	Feet	Feet
Subscriber 1	0.7	3,696	624
Subscriber 2	1.7	8,976	1,192
Subscriber 3*	2.0	10,560	1,031
Subscriber 4*	2.0	10,560	1,031
Subscriber 5**	2.2	11,616	665
Subscriber 6**	2.2	11,616	665
Subscriber 7**	2.2	11,616	665
Subscriber 8**	2.2	11,616	665

* Subscribers 3 and 4 are at same address
* Subscribers 5, 6, 7, and 8 are at same address

Given that the F1 fiber will remain with CenturyLink, the shorter segments being sold to AT&T (on its own) do not meet the definition of "access line" under WAC 480-120-021.

For both reasons, these roughly [redacted] fibers are not "access lines" and Commission approval should not be needed.

Nonetheless, out of an abundance of caution, CenturyLink filed an Application in this docket, seeking either Commission concurrence that approval is not required or approval for the transfer of the fiber used to serve these few fiber-supported voice customers if the Commission disagrees with CenturyLink's interpretation of "access line" under the WAC 480-120-021.

Q. HOW LARGE IS QWEST'S POTS OVER PON CUSTOMER GROUP RELATIVE TO ITS OVERALL OPERATIONS IN WASHINGTON?

A. It is very small. The approximately [redacted] PoP voice lines in Washington represent [redacted] of CenturyLink's total regulated, retail voice connections in the state. Moreover, CenturyLink's traditional voice customer base has declined dramatically over the past two decades – by over 90% since the year 2001. Most consumers have transitioned to wireless service or other alternatives,[2] and many remaining CenturyLink wireline subscribers have migrated to VoIP or cable telephone providers. Consequently, the PoP customers represent a minute remnant of the company's legacy footprint. Furthermore, demand for new POTS is extremely low in fiber areas: very few new voice lines are being added on CenturyLink's fiber network. In fact, for the past several years,

[2] According to the Centers for Disease Control, as of the year 2023, 77.6% of Washington adults use wireless only, with over 90% of Washington adults using only or mostly wireless services. By contrast, only 1.4% of Washington adults exclusively use wireline service, with another 2.3% who mostly rely on wireline. *See* https://www.cdc.gov/nchs/data/nhis/earlyrelease/Wireless_state_202506.pdf

when new customers order fiber broadband from the company, we generally do not provision a POTS line alongside broadband unless specifically requested). Thus, the set of customers affected by this Transaction is both small and diminishing over time through normal attrition based on consumer preferences and marketplace trends.

Q. WHO ARE THESE POP CUSTOMERS AND WHAT ALTERNATIVES DO THEY HAVE?

A. These customers are primarily residential subscribers (and a handful of small businesses) who obtained voice service from CenturyLink over a fiber broadband connection after CenturyLink (as opposed to its unregulated affiliate, Quantum Fiber) rolled out FTTP facilities beginning late last decade. In many cases, they bundled traditional voice with their fiber Internet plans years ago. Today, such customers typically have multiple alternatives: all of them, by definition, have a broadband Internet connection capable of supporting independent VoIP services (like Ooma, Vonage, MagicJack, Skype or other over-the-top voice offerings) if they desire a home phone. They also universally have access to wireless phone service – indeed, a majority likely already rely on cell phones as their primary voice line. Cable TV companies operating in CenturyLink service areas (e.g., Comcast/Xfinity in much of Washington) offer their own digital voice service over coaxial cable and aggressively market "triple-play" bundles. And some customers could choose service from other competitive local exchange carriers or over fixed wireless options where available. The key point is that no PoP customer is "captive"; alternative voice providers serve virtually every locality in which these fiber lines serve existing PoP customers today. This greatly mitigates any potential harm from the sale of a portion of the underlying fiber facilities.

It is also worth noting that only an extremely small subset of PoP customers qualify as "Challenging Customer Locations" (CCLs) – a term adopted by the Commission in Docket UT-240029 to denote customer locations where competitive alternatives may be limited. As of June 1, 2025, [redacted] PoP lines in Washington were classified as CCLs. In other words, over 99% of the PoP customers are in areas where multiple competitive options exist consistent with the CCL standard recently endorsed by the Commission in CenturyLink's AFOR case. For those very few CCL locations, it is important to emphasize that this Transaction does **not** strand them without service. In fact, these customers will continue to be served by CenturyLink over the same fiber network facilities immediately after the Transaction (simply under AT&T's ownership), and CenturyLink is ensuring that arrangements are in place to fulfill any carrier-of-last-resort obligations.

Q. ARE THE APPROXIMATELY [redacted] POTS OVER PON CUSTOMERS WITHIN THE TRANSACTION PERIMETER SUSCEPTIBLE TO POOR SERVICE QUALITY?

A. Not at all. CenturyLink's data shows that, in 2024, it made repair dispatches to only [redacted] POTS over PON customer locations within the Transaction perimeter. That is roughly one-half the repair dispatch rate for all regulated voice customers statewide. There is no reason to suspect that the transfer of the F2 fiber to AT&T, with its vast resources, will lead to a degradation of service quality, and CenturyLink will continue to serve these customers as long as they wish to remain voice customers.

III. CENTURYLINK'S OBLIGATIONS AND CONTINUITY OF SERVICE

Q. WHAT COMMITMENTS HAS CENTURYLINK MADE REGARDING SERVING ITS POP CUSTOMERS POST-TRANSACTION?

A. CenturyLink has been very clear that these voice customers will not be abandoned or left without a service provider. To that end, Lumen and AT&T are working on an agreement whereby Lumen will utilize fiber connectivity from AT&T on the "F2" fiber distribution plant reaching the customer, enabling CenturyLink to continue to provide the POTS dial tone. AT&T has committed to making the F2 fiber connectivity available for at least three years. In effect, AT&T will own the F2 portion of the fiber in the ground, but CenturyLink can still deliver a voice service using AT&T's fiber connectivity service to meet any CenturyLink regulatory obligations to legacy voice customers. CenturyLink can also facilitate other service solutions, as discussed below. Regardless of method, no PoP customer will lose the ability to have a working home phone line as a result of this Transaction.

Q. WILL CENTURYLINK HAVE ALTERNATIVE SERVICE OPTIONS FOR CURRENT POTS OVER PON CUSTOMERS?

A. Yes. In addition to securing the right to utilize AT&T's F2 fiber connectivity for at least three years, Lumen has also explored offering alternative voice solutions. One option is a new wireless home phone product known as Air-Line that uses the cellular network to provide a home dial tone (AT&T also offers such a device in its ILEC service territory, as do other ILECs). In addition, in some cases, if appropriate, CenturyLink may be able to rely on existing copper or re-deploy copper to a current PoP customer who wishes to remain a CenturyLink voice customer if in the distant future that service becomes

infeasible. CenturyLink could also rely on connectivity services from another broadband provider at the customer's premises. In any case, CenturyLink/Lumen stand ready to coordinate with consumers and AT&T to ensure that any customer who currently subscribes to a POTS over PON service in Washington will continue to have access to a reliable voice service.

In summary, CenturyLink will continue to meet its obligation to serve PoP customers – either by continuing service through an arrangement with AT&T or provisioning voice service over other technologies available for deployment.

IV. FINANCIAL AND PUBLIC INTEREST BENEFITS

Q. PLEASE EXPLAIN HOW THE TRANSACTION FINANCIALLY BENEFITS LUMEN AND WHY THAT IS IN THE PUBLIC INTEREST.

A. The sale of the mass markets fiber business to AT&T will generate approximately $5.75 billion in cash proceeds for Lumen.[3] After taxes and expenses, net proceeds of about $4.2 billion are expected. Lumen has announced that it intends to apply roughly $4.8 billion (using the sale proceeds plus some cash on hand) to pay down outstanding debt, specifically super-priority term loans.[4] By doing so, Lumen will reduce its annual interest expenses by approximately $300 million. This substantial debt reduction improves Lumen's financial stability and credit profile.

[3] Purchase Agreement, Sections 1.1, 2.3. A copy of the Purchase Agreement is attached to the Direct Testimony of AT&T witness Robert Bass as Exh. RB-3.

[4] *See Lumen - Lumen Technologies Advances Enterprise Market Focus with Sale of Consumer Fiber-to-the-Home Business to AT&T.*

In addition, with the consumer fiber build-out transferring to AT&T, Lumen will be relieved of a significant capital expenditure burden. Lumen has estimated it will avoid approximately $1 billion in annual capital spending that it would otherwise require to expand and upgrade the FTTP network in the geographies the company is selling to AT&T.[5] By eliminating this expected ~$1B/year in capex, Lumen's ongoing operations will generate higher free cash flow.

Meanwhile, AT&T – with its vast resources and focus on consumer services – is better positioned to invest in and grow the residential fiber business. AT&T's entry is expected to bring more fiber deployment to Washington neighborhoods, more aggressive marketing of multi-gigabit services, and potentially new bundled offerings (for example, combining AT&T wireless with home internet for competitive discounts). Consumers stand to gain from AT&T's scale and expertise in the FTTP arena, as AT&T has publicly committed to expanding fiber reach and improving customer experience in the acquired territories.[6] In essence, each company will play to its strengths: Lumen sharpening its focus on enterprise networks and focus on new technologies for provisioning mass markets service where they make sense, and AT&T enhancing broadband competition on the consumer side. This specialization should yield better outcomes for all customer segments than if Lumen were to attempt to straddle both communications segments with constrained capital.

[5] *Id*.
[6] *Id*.

Q. IS THE TRANSACTION CONSISTENT WITH THE PUBLIC INTEREST AND COMMISSION GOALS?

A. Yes. The Commission's public interest commitment is, of course, focused on the effects of the Transaction on *regulated service*. In this case, the Transaction affects only a sliver of CenturyLink's traditional voice services. From a regulatory perspective, the Commission's objectives of safe, reliable, and affordable service are maintained.

As discussed in detail above, CenturyLink copper voice customers will be unaffected, and will remain with CenturyLink. CenturyLink POTS over PON customers will also remain with CenturyLink, and CenturyLink is securing the ability to use the F2 fiber from AT&T for at least three years. Those customers will also have numerous other service alternatives, including alternative technologies furnished by Lumen, AT&T, or numerous other service providers. Of the approximately [redacted] regulated customers potentially affected by the Transaction, fewer than [redacted] are CCLs, meaning that the other [redacted] percent have (utilizing the Commission's recently adopted standard in Docket UT-240029) sufficient alternative services available.

And importantly, the Transaction will not adversely affect universal service or low-income programs for voice service – Lumen's remaining regulated local exchange business will still contribute to the state Universal Communications Services program as required.

Even if the Commission considers the F2 portion of the fiber connection being sold to AT&T to be an "access line" under WAC 480-120-021 (thus invoking Commission approval authority), there is no basis to determine that the Transaction will have any negative effect on any of CenturyLink's POTS over PON customers within the

Transaction perimeter. Coupled with the fact that the Transaction will significantly improve Lumen's financial position, it is beyond dispute that the Transaction will do no harm and is consistent with the public interest.[7]

V. AT&T FIBER RELIABILITY

Q. DO YOU HAVE ANY PERSONAL EXPERIENCE WITH AT&T'S FIBER SERVICE THAT IS RELEVANT FOR THE COMMISSION'S CONSIDERATION?

A. Yes, I do. In my own home (located in Missouri, yet the experience is telling), I have been an AT&T Fiber customer for approximately four years. I subscribe to AT&T's gigabit-speed internet product, which was installed with an AT&T-provided ONT and a mesh Wi-Fi system. During these four years, I have not experienced any service outages or significant issues of any kind with the AT&T fiber connection. The bandwidth and reliability have consistently met or exceeded expectations for both work and personal uses (video conferencing, streaming, etc.). Additionally, I take advantage of bundling discounts with AT&T – I also use AT&T for my family's wireless phone service, and by combining the services I receive a cost savings each month. This kind of bundle, which AT&T will introduce to former Lumen fiber customers who also subscribe to AT&T mobile service, can make high-quality communications services of different modalities more affordable. My positive experience gives me confidence that AT&T will be a reliable steward of the fiber network that it is acquiring, and that broadband customers in

[7] Looking beyond the Commission's jurisdiction to the impact on the mass markets fiber *internet* business, consumers will see a continuation, if not improvement, in service and customer care, given AT&T's commitment to a high-quality fiber internet product. AT&T has extremely high customer satisfaction ratings for its fiber internet service nationally. The competitive landscape in Washington will remain robust: AT&T is effectively replacing CenturyLink and Quantum Fiber in the residential fiber segment, preserving (even increasing) consumer choice in broadband.

Washington who transition to AT&T will enjoy at least the same, if not better, level of broadband service quality.

AT&T broadband customers in Washington benefit not only from high-speed fiber connectivity and available discounted service, but also from the convenience of in-person support at corporate-owned and operated brick-and-mortar sales locations. These in-line stores offer personalized assistance, making it easy for customers to sign up for services, make changes to existing services, ask questions, and resolve issues face-to-face. I personally enrolled in AT&T Fiber at a local corporate store in Kansas City, which highlights the value of accessible, community-based service options. While anecdotal, I believe all these personal perspective underscore that the public interest will be served by having an industry-leading fiber provider like AT&T step into the consumer broadband market in Washington.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.