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<p>PUBLIC - TRADE SECRET EXHIBITS A &amp; B REDACTED</p> <p>EVIDENTIARY HEARING - VOLUME 1 - OCTOBER 5, 2010                  BEFORE THE OFFICE OF ADMINISTRATIVE HEARINGS                  OF THE STATE OF MINNESOTA</p> <p>In the Matter of the Joint Petition for Approval of                  Indirect Transfer of Control of Qwest Operating Companies                  to CenturyLink</p> <p>PUC DOCKET NO: P421,et.al./PA-10-456                  OAH DOCKET NO: 11-2500-21391-2</p> <p>Met, pursuant to notice, at 9:30 in the                  morning on October 5, 2010.</p> <p>BEFORE: Barbara Neilson, ALJ                  REPORTER: Janet Shaddix Elling, RPR</p>	<p>1 THOMAS BAILEY, Attorney at Law, Briggs                  and Morgan, 80 South Eighth Street, Suite 2200,                  2 Minneapolis, Minnesota 55402, appeared for and on                  3 behalf of Sprint, T-Mobile, and CBeyond.                  4                  5 GREGORY R. MERZ, Attorney at Law, Gray                  6 Plant Mooty, 80 South Eighth Street, Suite 500,                  7 Minneapolis, Minnesota 55402, appeared for and on                  8 behalf of Integra and Velocity Telephone.                  9                  10 K.C. HALM, Attorney at Law, Davis Wright                  Tremaine, LLP, 1919 Pennsylvania Avenue NW,                  11 Suite 800, Washington D.C. 20006, appeared for and                  12 on behalf of Charter Fiberlink.                  13                  14 ROGELIO PENA, Attorney at Law,                  Pena &amp; Associates, 4845 Pearl East Circle, Suite                  15 101, Boulder, Colorado, 80301, appeared for and on                  16 behalf of Level 3.                  17                  18 JULIA ANDERSON, Assistant Attorney                  General, 445 Minnesota Street, Suite 1400, St. Paul,                  19 Minnesota 55101, appeared for and on behalf of the                  20 Minnesota Department of Commerce.                  21                  22 PUC STAFF:                  Kevin O'Grady                  23 Marc Fournier                  24                  25</p>
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<p>1 APPEARANCES:</p> <p>2 MICHAEL AHERN, Attorney at Law, Dorsey &amp;                  3 Whitney, 50 South Sixth Street, Suite 1500,                  4 Minneapolis, Minnesota 55402 and SUSAN MASTERTON,                  5 Attorney at Law, 315 South Calhoun Street, Suite                  6 500, Tallahassee, Florida 32301, appeared for and on                  7 behalf of CenturyLink.                  8                  9 JASON TOPP, Attorney at Law, 200 South                  Fifth Street, Room 2200, Minneapolis, Minnesota                  10 55402, appeared for and on behalf of Qwest                  11 Communications.                  12                  13 SCOTT J. RUBIN, Attorney at Law,                  333 Oak Lane, Bloomsburg, Pennsylvania 17815-2036,                  14 and CRISTINA PARRA HERRERA, Attorney at Law,                  15 Gregg M. Corwin &amp; Associates, 1660 South Highway                  16 100, Suite 508E, St. Louis Park, Minnesota 55416,                  17 appeared for and on behalf of the Communications                  18 Workers of America.                  19                  20 DAN LIPSCHULTZ, Attorney at Law, Moss &amp;                  Barnett, 90 South Seventh Street, Suite 4800,                  21 Minneapolis, Minnesota 55402, appeared for and on                  22 behalf of the CLEC Coalition.                  23                  24                  25</p>	<p>1 INDEX - VOLUME 1</p> <p>2 WITNESS PAGE</p> <p>3 JOHN STANOCH 12</p> <p>4 Direct Examination by Mr. Topp 12</p> <p>5 Cross-Examination by Mr. Merz 20</p> <p>6 Cross-Examination by Mr. Lipschultz 48</p> <p>7 Cross-Examination by Mr. Halm 55</p> <p>8 Cross-Examination by Mr. Bailey 66</p> <p>9 Cross-Examination by Mr. Rubin 70</p> <p>10 Examination by Dr. O'Grady 87</p> <p>11 Further Cross-Examination by Mr. Bailey 92</p> <p>12 Further Cross-Examination by Mr. Halm 93</p> <p>13 Further Cross-Examination by Mr. Lipschultz 95</p> <p>14 Further Cross-Examination by Mr. Rubin 98</p> <p>15 Further Cross-Examination by Mr. Bailey 101</p> <p>16 Examination by Mr. Fournier 102</p> <p>17 JOHN JONES 105</p> <p>18 Direct Examination by Mr. Ahern 106</p> <p>19 Cross-Examination by Mr. Merz 111</p> <p>20 Cross-Examination by Mr. Lipschultz 119</p> <p>21 Cross-Examination by Mr. Halm 126</p> <p>22 Cross-Examination by Mr. Pena 134</p> <p>23 Cross-Examination by Mr. Bailey 136</p> <p>24 Cross-Examination by Mr. Rubin 140</p> <p>25 Examination by Dr. O'Grady 153</p> <p>DIANE WELLS 154</p> <p>Direct Examination by Ms. Anderson 155</p> <p>Cross-Examination by Mr. Merz 159</p> <p>Cross-Examination by Mr. Lipschultz 187</p> <p>Cross-Examination by Mr. Halm 205</p> <p>Cross-Examination by Mr. Pena 210</p> <p>Cross-Examination by Mr. Bailey 211</p> <p>Cross-Examination by Mr. Rubin 232</p> <p>Examination by Mr. Fournier 238</p> <p>Redirect Examination by Ms. Anderson 239</p> <p>Recross-Examination by Mr. Lipschultz 241</p> <p>Redirect Examination by Mr. Halm 243</p> <p>Redirect Examination by Mr. Pena 245</p> <p>Recross-Examination by Mr. Bailey 245</p>

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<p>1 EXHIBITS: Mrk'd Ofr'd Rec'd</p> <p>2 1 John M. Stanoch Direct 12 13 13</p> <p>3 2 John M. Stanoch Rebuttal 12 13 13</p> <p>4 3 Settlement Agreement Between 67 92 92</p> <p> Doc and Joint Applicants</p> <p>5</p> <p>6 4A Qwest Response to Integra IR 104 105 105</p> <p> 2-125, Public</p> <p>7 4B Qwest Response to Integra IR 104 105 105</p> <p> 2-125, Trade Secret</p> <p>8</p> <p>9 5 John Jones Direct Testimony 105 107 107</p> <p> and Attachments</p> <p>10 6 John Jones Rebuttal 105 107 107</p> <p> Testimony</p> <p>11</p> <p>12 7 John Jones Surrebuttal 105 107 107</p> <p> Testimony and Attachment and</p> <p> Labeling Correction of</p> <p>13 Exhibit 3</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p>1 representing PAETEC, TDS Metrocom, TW Telecom,</p> <p>2 OrbitCom and POPP.com.</p> <p>3 MR. HALM: K C Halm, representing Charter</p> <p>4 Fiberlink.</p> <p>5 MR. RUBIN: Scott Rubin, representing the</p> <p>6 Communications Workers of America. Also here</p> <p>7 representing CWA is Cristina Parra Herrera.</p> <p>8 MR. BAILEY: Tom Bailey, representing</p> <p>9 Sprint/Nextel Companies, T-Mobile and CBeyond.</p> <p>10 MR. PENA: Your Honor, they ran out of</p> <p>11 room up there.</p> <p>12 JUDGE NEILSON: Okay.</p> <p>13 MR. PENA: Rogelio Pena, on behalf of</p> <p>14 Level 3 Communications.</p> <p>15 JUDGE NEILSON: Okay. And for Commission</p> <p>16 staff?</p> <p>17 MR. FOURNIER: Marc Fournier and Kevin</p> <p>18 O'Grady on behalf of the Commission staff.</p> <p>19 JUDGE NEILSON: Were there others in the</p> <p>20 room who wanted to note an appearance?</p> <p>21 As noted in the Notice of Hearing, the</p> <p>22 ultimate issue to be addressed in this case is</p> <p>23 whether the proposed merger is in the public</p> <p>24 interest under Minnesota statute section 237.23 and</p> <p>25 237.74, subdivision 12. As set forth in the Order</p>
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<p>1 JUDGE NEILSON: The hearing is now</p> <p>2 convened In the Matter of the Joint Petition for</p> <p>3 Approval of Indirect Transfer of Control of Qwest</p> <p>4 Operating Companies to CenturyLink.</p> <p>5 My name is Barbara Neilson, I'm an</p> <p>6 administrative law judge with the State Office of</p> <p>7 Administrative Hearings. That office is an</p> <p>8 independent agency within state government, not</p> <p>9 affiliated in any way with the Public Utilities</p> <p>10 Commission, the Department of Commerce, or any other</p> <p>11 state agency.</p> <p>12 Could I have counsel state their</p> <p>13 appearances, please, for the record?</p> <p>14 MS. MASTERTON: Susan Masterton,</p> <p>15 representing CenturyLink.</p> <p>16 MR. AHERN: Thank you, Your Honor. Mike</p> <p>17 Ahern on behalf of CenturyLink.</p> <p>18 MR. TOPP: Jason Topp, representing</p> <p>19 Qwest.</p> <p>20 MS. ANDERSON: Julia Anderson,</p> <p>21 representing the Minnesota Department of Commerce.</p> <p>22 MR. MERZ: Good morning, Your Honor.</p> <p>23 Greg Merz, representing Integra Telecom and Velocity</p> <p>24 Telephone.</p> <p>25 MR. LIPSCHULTZ: Dan Lipschultz,</p>	<p>1 for Hearing that issue includes the following three</p> <p>2 issues. First, whether the post-merger company</p> <p>3 would have the financial, technical, and managerial</p> <p>4 resources to enable Qwest and CenturyLink operating</p> <p>5 companies to continue providing reliable quality</p> <p>6 telecommunication services in Minnesota; second,</p> <p>7 what impact the transaction would have on Minnesota</p> <p>8 customers and on competition in the local</p> <p>9 telecommunications market; and third, what impact</p> <p>10 the transaction would have on Commission authority.</p> <p>11 The Notice and Order for Hearing requires</p> <p>12 that any settlement reached between any of the</p> <p>13 parties in this case shall be transparent and filed</p> <p>14 as part of the case record. The Department of</p> <p>15 Commerce and 360 Networks U.S.A. Incorporated have</p> <p>16 filed settlement agreements in this case.</p> <p>17 The rules of the Office of Administrative</p> <p>18 Hearings will govern the conduct of this hearing.</p> <p>19 Those rules are set forth in Minnesota rules, parts</p> <p>20 1400.5100 through 1400.8500.</p> <p>21 The eFiled documents will constitute the</p> <p>22 official record of this proceeding, along with any</p> <p>23 supplemental record data that cannot be eFiled. Any</p> <p>24 such supplemental record data will be identified by</p> <p>25 the administrative law judge as included in the</p>

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<p>1 public interest considerations to address the issue 2 identified by the Commission of the impact of the 3 transaction on Minnesota customers and the 4 competitive telecommunications marketplace. 5 Factors that we considered heavily were 6 to try to assure that the act of the merger didn't 7 result in anyone becoming worse off and to provide 8 stability, continuity, and certainty. 9 And while most of the parties to this 10 proceeding have expressed an interest in the 11 wholesale market, we made sure that the retail 12 customer was adequately addressed. 13 When we landed on the retail side we 14 attempted to respond to what we saw in many of the 15 public comments, requests for rate stability and a 16 desire for broadband. In the settlement the 17 operating entities have agreed to freeze retail 18 rates for basic one-party residential and business 19 service through 2012. 20 With regard to broadband, the companies 21 have agreed to invest no less than 50 million in 22 broadband in Minnesota over the next five years and, 23 importantly, one-third of that investment will be to 24 areas that are unserved or underserved by broadband. 25 The broadband commitment is significant in that no</p>	<p>1 questions, Your Honor. 2 JUDGE NEILSON: Mr. Merz. 3 MR. MERZ: Thank you, Your Honor. 4 CROSS-EXAMINATION 5 BY MR. MERZ: 6 Q Good afternoon, Ms. Wells. 7 A Good afternoon, Mr. Merz. 8 Q When did the Department begin negotiating with Joint 9 Applicants regarding the settlement? 10 A My recollection is it was two weeks ago today. 11 Q How were those negotiations initiated? 12 A It was John Stanoch at Qwest and John Jones at 13 CenturyLink. And Mr. Stanoch and Kathy Klukas from 14 CenturyLink met personally with Commissioner Wilson 15 and myself, and Mr. Jones from CenturyLink was 16 conferenced in by telephone. 17 Q And that meeting actually took place two weeks ago 18 today? 19 A I'm pretty sure it was two weeks ago, I don't think 20 it was three. I'd have to check my calendar. 21 Q Now, at the time those discussions began somewhere 22 between two and three weeks ago, you were aware that 23 the private intervenors were going to be filing 24 surrebuttal testimony; is that right? 25 A At the time we were also planning to file</p>
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<p>1 level of broadband investment was included as part 2 of the proposed merger. 3 On the wholesale side, the settlement 4 document provides certainty and stability to the 5 CLECs by ensuring the existing OSS will be in place 6 for at least 24 months from closing. The CMP, the 7 change management process, will remain in place for 8 Qwest for 36 months, and Qwest's interconnection 9 agreements will remain in place for the periods of 10 time outlined in the settlement document, and no 11 such time periods were included as part of the 12 proposed merger. 13 I would also note that the third issue to 14 be addressed under the Commission's order is the 15 impact the transaction would have on Commission 16 authority. The terms of this settlement were 17 intended to not affect the Commission's ability to 18 make decisions on dockets that it has pending, nor 19 preclude the Commission from opening dockets in the 20 future on policy matters that it wishes to address, 21 that the settlement terms meets the Department's 22 concern that the Commission's authority is not 23 diminished. 24 Thank you. 25 MS. ANDERSON: Ms. Wells is available for</p>	<p>1 surrebuttal testimony as well. But, yes, I was 2 aware of this date. 3 Q When did the Department and the Joint Applicants 4 reach an agreement in principle? 5 A It was Friday morning when I last briefed the 6 Commissioner on the agreements and got his 7 permission that we were satisfied, so Friday 8 morning. 9 Q So just this last Friday? 10 A Yes. 11 Q Is that right? And at that point you were still 12 expecting that the intervenors, private intervenors 13 would be filing surrebuttal testimony actually later 14 that day; is that right? 15 A Yes, we knew the date, yes. 16 Q Was there any particular reason why you didn't wait 17 to at least see the intervenors' surrebuttal 18 testimony before finalizing the settlement 19 agreement? 20 A Well, we would have had to file our surrebuttal 21 testimony as well and it was easier not to have 22 filed that while we're also negotiating a 23 settlement. 24 Q I assume that by the time you reached your agreement 25 in principle on Friday morning, whatever you were</p>

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<p>1 telephone company. 2 Q Now, the two-thirds that are -- that's not part of 3 the unserved or underserved areas, that money is 4 going to be spent in places where there's already 5 competition for broadband service; isn't that right? 6 A They could choose to spend more than 33 percent on 7 unserved or underserved, but under this agreement 8 they would be allowed to spend the other two-thirds 9 in areas that, yeah, correct, are not unserved or 10 underserved. 11 Q And so those would be areas that -- areas where the 12 Joint Applicants are already facing competition to 13 provide broadband service; is that right? 14 A That would be correct. 15 Q And some of that competition is obviously provided 16 by folks like my clients; isn't that right? 17 A That would be correct. 18 Q Now, the \$50 million number, the guaranteed minimum, 19 was that the product of a negotiation? 20 A Yes. 21 Q You asked for more? 22 A Yes. 23 Q How much did you ask for? 24 MS. ANDERSON: Objection, Your Honor, to 25 the extent that this is going into private</p>	<p>1 objection. 2 BY MR. MERZ: 3 Q Did you ask for more than a third of the money to be 4 spent in unserved and underserved areas? 5 A Yes. 6 Q Let's talk about section III B.1, which relates to 7 OSS conditions. Who at the Department with 8 expertise in the area of OSS was involved in the 9 negotiation of this settlement? 10 A In the actual negotiations it was primarily myself. 11 The analysts that were working on this docket were 12 able to review the document. 13 Q Would you describe yourself as someone that has 14 expertise in the area of OSS? 15 A Generally at the Department we've hired out issues 16 of OSS. Wes Legursky has testified on behalf of the 17 Department in proceedings. No, we did not use Wes 18 Legursky. 19 Q My question is whether you would regard yourself as 20 someone that has experience in the area of OSS? 21 A I wouldn't call myself an expert. 22 Q What is it that you relied on to conclude that a 23 minimum of 24 months was an appropriate number to 24 include in the settlement agreement? 25 A Like I indicated, we were trying to get some</p>
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<p>1 settlement negotiations. 2 JUDGE NEILSON: Sustained. 3 MR. MERZ: Well, Your Honor, can I be 4 heard on that? I mean, I'm not sure why the fact 5 that they consider to be private negotiations 6 involving a state agency means that I can't get at 7 this information. I mean, I understand that there's 8 a general evidentiary issue with respect to 9 admissibility of settlements when you try to use a 10 settlement to prove liability or lack of liability, 11 that's not at all what I'm trying to prove here, and 12 I think it's very important for the Commission to 13 understand was this a vigorous negotiation or was it 14 something less than that. 15 JUDGE NEILSON: Ms. Anderson, did you 16 want to respond? 17 MS. ANDERSON: The witness has already 18 testified that she was hopeful to achieve a greater 19 number and was pleased that she was able to obtain a 20 commitment of 50 million and that's the extent of 21 her testimony. 22 JUDGE NEILSON: I don't think the 23 deliberative process that was involved here is 24 appropriate for the evidence to be offered or even 25 relevant, so I would continue to sustain the</p>	<p>1 certainty, so two years from closing. The 2 Department has expressed significant concern with 3 the OSS that Qwest has in place in past proceedings, 4 so we didn't want to preclude CenturyLink, if it 5 could come up with a better system, from being able 6 to do that at some point in the future. And I 7 can -- the surrebuttal testimony of Wes Legursky in 8 docket 06-713, filed February 5th of 2008, his 9 conclusion is the current Qwest OSS are not forward 10 looking and efficient compared to alternatives 11 available in the marketplace. 12 More recently, in the Department of 13 Commerce's post hearing brief in docket 07-370 and 14 07-371, we stated access to Qwest's system of OSS 15 are obsolete but costly to modify changes to the 16 out-of-date Qwest system of OSS are very costly for 17 Qwest. The OSS are antiquated, not because of the 18 products they are able to serve, but because of the 19 structure of the OSS. 20 Q What analysis have you done of CenturyLink's OSS? 21 A I haven't done an analysis. The commitment in the 22 settlement regards Qwest's OSS. 23 Q And that is for 24 months? 24 A That's correct. 25 Q Presumably, if they're going to change it, they're</p>

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<p>1 BY MR. MERZ: 2 Q Let's go to -- well, let me ask you this. The 3 operation -- the operational system support, OSS 4 condition number one talks about changes through 5 CMP; is that right? 6 A That's correct. 7 Q And it says the changes will be made consistent with 8 the requirements of the CMP condition that is set 9 forth below; is that right? 10 A That's correct. 11 Q Do you know whether all of Qwest's OSS are required 12 to go through CMP in order to make changes? 13 A No, I don't know offhand. 14 Q Was it your understanding that Qwest, when you 15 entered into this settlement agreement, that Qwest 16 would be able to make changes in any of their OSS 17 without going through CMP? 18 A My understanding is the CMP process provides 19 timelines for changing various parts of the OSS. 20 Q And my question is was it your anticipation when you 21 entered into this agreement that any change to 22 Qwest's OSS would go through CMP? 23 A Any change? 24 Q Yes. 25 A No.</p>	<p>1 THE WITNESS: The idea behind the 2 settlement was that, you know, if you had something 3 before the merger you would have it after. So to 4 the extent that that's been negotiated by the CLECs 5 in the CMP and they had it before, they would have 6 it after. 7 BY MR. MERZ: 8 Q Did you, in negotiating this settlement agreement, 9 have a clear understanding about what kinds of 10 changes, OSS changes were required to go through CMP 11 and what ones were not? 12 A My understanding would be that if it was an 13 important issue for the CLECs on whether it would 14 have to go through CMP they would have to have that 15 clarified. The idea wasn't to change the CMP in 16 this process, it was if you had it before the merger 17 you would have it through the merger process. Qwest 18 could certainly have changed its OSS, you know, 19 without a merger, so they would follow the same 20 process now that we're proposing would be followed 21 with the merger. So the CLECs would be the same. 22 Q The OSS conditions contained in the settlement 23 agreement requires six months' advance notice of 24 changes in the event of an OSS that's introduced, 25 changed, or retired; is that right?</p>
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<p>1 Q What changes did you anticipate would not have to go 2 through CMP? 3 A I would imagine there may be small changes that 4 wouldn't need to go through CMP, or it could be 5 addressed in an interconnection agreement, I 6 suppose. 7 Q Are you familiar with the term back-end systems, 8 have you ever heard that expression used? 9 A I've heard it used. 10 Q I'm going to use it to refer to Qwest OSS systems 11 that don't receive information from the CLEC 12 customer. Is that consistent with your 13 understanding of that? 14 A Yes. 15 Q Is it your understanding that if Qwest were going to 16 change one of its back-end systems, that that change 17 would have to go through CMP? 18 MS. ANDERSON: Your Honor, I object to 19 this line of questioning. Ms. Wells has testified 20 with respect to the settlement and time frames 21 essentially allowing stability for changes and 22 whatever the obligations are, whatever change in 23 procedures are at this point, so I object to the 24 continuation of this line of questioning. 25 JUDGE NEILSON: I'll allow some leeway.</p>	<p>1 A Yes. 2 Q Now, what information did you use to conclude that 3 six months' advance notice would be sufficient? 4 A I think that's fairly standard and it was also what 5 was agreed to by the CLECs in Iowa. 6 Q It's fairly standard, where is it fairly standard? 7 A When we discussed with them, you know, if they 8 switched out the entire OSS, that it's less than six 9 months' testing in the CMP process. 10 Q And just to be clear, the advance notice that's 11 being provided is six months' notice of retirement, 12 correct? 13 A For the legacy Qwest OSS, yes. If CenturyLink OSS 14 is introduced, changed or retired, that's a six 15 months' notice. 16 Q So if they give notice on, you know, the first day 17 of July, then that system can be retired six months 18 later, correct? 19 A Well, 24 months after the merger closed they could 20 give six months' notice. 21 Q And six months after that they could retire the 22 system? 23 A Yes, and there would be permission for testing. 24 Q And whatever testing is going to happen has to be 25 planned, commenced and completed in that six-month</p>

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<p>1 time frame; is that right? 2 A That's correct. 3 Q Now, there's been testimony in this case about the 4 third-party testing that Qwest systems went through 5 as part of the 271 process, correct? 6 A That's correct. 7 Q And the testing that's being contemplated here is 8 not that kind of third-party testing, is it? 9 A That's correct. If Qwest chose, you know, if there 10 was no merger and Qwest chose to change out its OSS, 11 there is no provision for third-party testing. So 12 that's the same type of scenario we were -- what you 13 had before the merger you would have after. The 14 merger wouldn't change what you had. 15 Q But if there were no merger there would be no reason 16 to suspect that Qwest would change one of the 17 systems for some other existing system, would there? 18 Isn't that the reason we have the concern? 19 A I guess I disagree. We've pointed out over the 20 years concerns we've had with OSS, so I guess there 21 would be some expectation that at some point Qwest 22 may decide to change out its OSS and then there 23 would be no provision for third-party testing. 24 Q And just to clarify one point, you said that after 25 24 months they could give notice of retirement of a</p>	<p>1 MR. MERZ: I'll ask a different question. 2 BY MR. MERZ: 3 Q Did you consult with Mr. McCarthy in connection with 4 this settlement? 5 A Yes. 6 Q The settlement doesn't include any provision 7 regarding conditioning of copper loops? 8 A That's an issue in the 1066 docket. 9 Q Correct. My question is this settlement doesn't 10 include anything on conditioning of copper loops, 11 does it? 12 A No, it does not. We limited the settlement to the 13 issues we felt were important to this settlement. 14 Q And the 1066 docket, the condition -- I mean, I'm 15 sorry, the Commission isn't going to be considering 16 merger conditions, you'd agree with that? 17 A I agree. 18 Q Did you consult with Mr. McCarthy about the fact 19 that this settlement agreement doesn't include any 20 provision about conditioning of copper loops? 21 A Mr. McCarthy had the draft settlement agreements to 22 review so he would know that and he did not raise 23 any concerns either. 24 Q Did you ask him about whether he had any concerns 25 about the fact that the settlement agreement didn't</p>
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<p>1 system six months later, isn't it the case that you 2 give notice in 18 months and then retire the system 3 in 24? 4 A That's correct, I misspoke. 5 Q I misheard, so that's fair. 6 The third-party testing that Qwest 7 systems went through, do you have any sense of how 8 long that took? 9 A That was a long time ago, I don't recall. 10 Q Whatever Mr. Gates describes in his testimony, you 11 wouldn't disagree with that? 12 A No. I haven't had a chance to verify it either, 13 though. 14 Q I want to talk about conditioning of copper loops. 15 Mr. McCarthy of the Department presented testimony 16 on this issue; is that right? 17 A It was eFiled, yes. 18 Q And in his testimony he supported that condition, 19 correct? 20 MS. ANDERSON: Your Honor, I object 21 again. We're being questioned on testimony that has 22 not been presented for the record. 23 JUDGE NEILSON: I have a concern about 24 that too. It's not been offered and under the first 25 prehearing order it's deemed to be withdrawn.</p>	<p>1 include anything about the conditioning of copper 2 loops? 3 MS. ANDERSON: Your Honor, objection 4 again with respect to the deliberative process and 5 continuing questioning. 6 JUDGE NEILSON: Sustained. 7 BY MR. MERZ: 8 Q Your settlement agreement doesn't include a most 9 favored nations clause; is that right? 10 A That's correct. 11 Q A most favored nation clause is one that would say 12 that to the extent some other state gets a better 13 deal than you were able to strike, Minnesota would 14 get the benefit of that. Is that your understanding 15 as well? 16 A That's one way to describe a most favored nation 17 clause. 18 Q Do you have a different way? 19 A Well, it would be that the Commission would have the 20 opportunity -- I believe the Commission would have 21 the opportunity to decide whether to request or 22 incorporate or condition approval on. 23 Q And if the Commission adopts only the condition 24 contained in the settlement agreement that you've 25 reached, the Commission won't have that opportunity</p>

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<p>1 process and the dynamic and how the Department came 2 to the conclusion that this was in the public 3 interest. I think that's relevant and the 4 Commission would want to know that. 5 MS. ANDERSON: I disagree, Your Honor. 6 How a decision is made is irrelevant to what the 7 decision is. And if Mr. Lipschultz wants to ask 8 Ms. Wells about why the decision that the Department 9 of Commerce has made is reasonable or is in the 10 public interest, that's an appropriate question, but 11 not how that was made. 12 JUDGE NEILSON: I'm going to sustain the 13 objection. 14 BY MR. LIPSCHULTZ: 15 Q Ms. Wells, were any CLEC representatives involved in 16 the negotiations? 17 A The CLECs aren't a party to the settlement so they 18 wouldn't have been involved in the negotiations. 19 Q Did you or anyone at the Department contact any CLEC 20 representatives for their opinion on any of the 21 issues you were discussing in your negotiations? 22 A No, the CLECs weren't being asked to sign the 23 settlement and so we negotiated with CenturyLink and 24 Qwest. 25 Q So just to wrap that up, one final question on that</p>	<p>1 agreements. 2 Q Okay. Thanks for adding that. What do you mean by 3 Qwest's TRRO language? 4 A The TRRO would be -- I think it means that it's been 5 amended to include language that addresses what the 6 TRRO required. 7 Q And by TRRO you are referring to Triennial Review 8 Remand Order, correct? 9 A That's correct. 10 Q Do you know whether the CLECs proposed language to 11 implement the TRRO in negotiations with Qwest? 12 A I believe there was language proposed by both sides, 13 so -- 14 Q And I asked you if a CLEC proposed language to 15 implement the TRRO, did that qualify the ICA for the 16 24-month time frame rather than the 12-month time 17 frame? 18 A You know, that would be my understanding. I was 19 more reading it I think that it's been amended to 20 include TRRO language or it hasn't. 21 Q Are you aware of any CLECs who are not currently 22 complying with the TRRO? 23 A No, but I wouldn't necessarily be -- you know, we 24 recently had a dispute with a carrier that hadn't 25 amended for the TRRO and kind of by default Qwest</p>
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<p>1 point, did you or anyone at the Department ask any 2 CLEC representatives to prioritize proposed 3 conditions that the Joint CLECs filed so you'd have 4 a better sense of what was more or less important to 5 wholesale customers? 6 A No. 7 Q I'm flipping a lot of pages because Mr. Merz has 8 covered a lot of ground that I'm not going to 9 replot. 10 A Good. 11 Q Can I turn your attention to that section B.2 of the 12 settlement document, interconnection agreement 13 negotiations. And I note that you have three 14 different time frames for extensions of current 15 ICAs. I'm using that acronym for interconnection 16 agreement. Am I correct in interpreting the first 17 clause related to 36 months -- excuse me, let me 18 skip down to the 24 month. I'm trying to understand 19 the distinction between the 24-month time frame to 20 12-month time frame. And it looks like this term 21 distinguishes the 24-month time frame from the 22 12-month based on whether the ICA has been amended 23 to include Qwest's TRRO language. That's correct? 24 A That's correct, and the 24-month also has the -- 25 picks up the remaining CMRS interconnection</p>	<p>1 had, you know, told them if you don't make the 2 amendment and you aren't responsive and enter 3 negotiations you'll get this language, so I would 4 assume that would be where the 12-month would fall 5 into. 6 Q Can you tell us who that CLEC was? 7 A DTI. 8 Q Are you aware of any other CLECs that have refused 9 to incorporate TRRO implementing language in their 10 ICAs? 11 A No, I am not. 12 JUDGE NEILSON: Would this be a 13 convenient time to take a break? 14 MR. LIPSCHULTZ: Why don't we do that. 15 JUDGE NEILSON: Okay. Let's take 15 16 minutes. 17 (Break taken from 3:02 to 3:21.) 18 JUDGE NEILSON: We're back on the record. 19 BY MR. LIPSCHULTZ: 20 Q We explored earlier, Ms. Wells, a distinction 21 between the 24-month time frame and the 12-month 22 time frame for ICA extensions and I wanted to 23 explore with you now the distinction between the 24 36-month and 24-month. And if I'm not mistaken, 25 correct me if I'm wrong, the only distinction is the</p>

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<p>1 A No.</p> <p>2 Q So you don't know how many CLECs depend on Qwest's</p> <p>3 commercial dark fiber offering, correct?</p> <p>4 A I think the FCC's determination is that the services</p> <p>5 with the least amount of competition were in the 251</p> <p>6 elements and if there's more services available from</p> <p>7 other providers they're non-251 elements.</p> <p>8 Q But you're not aware, are you, and if you're aware,</p> <p>9 fine, if not, fine, but are you aware of any CLECs</p> <p>10 who depend on Qwest for its commercial dark fiber</p> <p>11 offering?</p> <p>12 A That depend on Qwest?</p> <p>13 Q That depend on Qwest for dark fiber under Qwest's</p> <p>14 commercial dark fiber offering in Minnesota?</p> <p>15 A No.</p> <p>16 Q And you're not aware, are you, of the extent to</p> <p>17 which CLECs have alternatives to Qwest for</p> <p>18 commercial offerings such as dark fiber?</p> <p>19 A No.</p> <p>20 Q Do you have any idea how many CLECs will be impacted</p> <p>21 by the provision here in section 3 on page 5 of your</p> <p>22 settlement?</p> <p>23 A Well, I would assume it would be all of the CLECs.</p> <p>24 Q I want to look ahead now to section 6, FCC</p> <p>25 obligations. A question about the first sentence</p>	<p>1 A Well, those, I mean, the three primary areas of the</p> <p>2 settlement are the wholesale and the rate cap and</p> <p>3 the broadband.</p> <p>4 Q So you would consider all of the wholesale</p> <p>5 provisions in the settlement agreement subject to</p> <p>6 being superseded by inconsistent provisions or</p> <p>7 direction from the FCC; is that right?</p> <p>8 A For the most part the CLEC obligations do tend to be</p> <p>9 multi-state because the systems are multi-state.</p> <p>10 Q But you indicate here in this sentence -- and I</p> <p>11 really just want to understand the thinking here.</p> <p>12 It says by virtue of the FCC's jurisdiction, any</p> <p>13 inconsistent FCC terms will supersede terms in your</p> <p>14 settlement, except for something that's</p> <p>15 state-specific. And I just want to make sure I</p> <p>16 understand the settlement, which means I want to</p> <p>17 make sure I understand what would be excluded from</p> <p>18 being superseded. In other words, what in your</p> <p>19 settlement is state-specific? And I think you</p> <p>20 mentioned the broadband commitments and the retail</p> <p>21 rate cap. Is there anything else that would be</p> <p>22 state-specific and therefore not subject to being</p> <p>23 superseded by FCC terms?</p> <p>24 A I think the Minnesota interconnection agreement</p> <p>25 commitments would be state-specific.</p>
<p>Page 202</p> <p>1 here just so I understand it. It says by virtue of</p> <p>2 the FCC's jurisdiction, to the extent inconsistent,</p> <p>3 any required terms and conditions applicable to</p> <p>4 CLECs or CMRS providers contained in the FCC's order</p> <p>5 approving the merger will automatically be</p> <p>6 incorporated into and supersede the terms in this</p> <p>7 section, except to the extent it is state-specific.</p> <p>8 What conditions in your settlement would</p> <p>9 be subject to being superseded by FCC provisions?</p> <p>10 A I think if the FCC ordered that the OSS systems stay</p> <p>11 in place longer, or the change management, that</p> <p>12 those longer time frames would apply here.</p> <p>13 Q And what if the FCC ordered a shorter time frame,</p> <p>14 under your settlement would that supersede the</p> <p>15 longer time frames agreed to here in your</p> <p>16 settlement?</p> <p>17 A I think that's highly unlikely since the Iowa CLECs</p> <p>18 and the Minnesota Department of Commerce have both</p> <p>19 agreed to these time frames that are in this</p> <p>20 settlement.</p> <p>21 Q And what did you mean here by state-specific?</p> <p>22 A Those would be the broadband investment and the rate</p> <p>23 freezes.</p> <p>24 Q Anything else other than the broadband investment</p> <p>25 and retail rate cap?</p>	<p>Page 204</p> <p>1 Q Anything else?</p> <p>2 A No, I don't think so. Well, obviously, the impact</p> <p>3 is state-specific.</p> <p>4 Q Okay. I guess just one final question to kind of</p> <p>5 tie this to how this started. Can you tell me when</p> <p>6 the Department's witnesses were told they would not</p> <p>7 be filing surrebuttal in this case?</p> <p>8 MS. ANDERSON: Objection, Your Honor.</p> <p>9 The Department of Commerce notified parties on</p> <p>10 Friday that the Department would not file</p> <p>11 surrebuttal testimony. It is at that time that that</p> <p>12 decision was made.</p> <p>13 JUDGE NEILSON: I'll allow the question</p> <p>14 to be asked. You can answer if you know.</p> <p>15 THE WITNESS: They weren't told until</p> <p>16 Friday morning after we had final agreement on the</p> <p>17 terms of the settlement that they wouldn't be</p> <p>18 filing. Our word processing was prepared to send it</p> <p>19 out.</p> <p>20 BY MR. LIPSCHULTZ:</p> <p>21 Q That's Friday, October 1st?</p> <p>22 A Yes.</p> <p>23 MR. LIPSCHULTZ: That's it. Thank you,</p> <p>24 Your Honor. Thank you, Ms. Wells.</p> <p>25 JUDGE NEILSON: Mr. Halm.</p>

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<p>1 changes. Why did we use -- why did you use the term 2 protection against tariff changes as opposed to 3 protection against interconnection-based charges? 4 A You know, like I said, it was the Iowa language. 5 Q Is it your understanding that Qwest does not assess 6 these types of charges today? 7 A That's my understanding. 8 Q So if these charges are not in current Qwest 9 interconnection agreements and if pursuant to 10 section 2 of this settlement agreement Qwest cannot 11 unilaterally change or terminate interconnection 12 agreements, that provides some level of protection; 13 is that right? 14 A That would be my understanding, yes. 15 Q And therefore a prohibition against tariff-based 16 charges would offer another level of protection, is 17 that the intent? 18 A Yes. 19 Q Now, finally, in the beginning of section 3 there's 20 a reference again to new tariff rates to establish 21 wholesale charges. Do I read this correctly to be a 22 prohibition against any new tariffed rates, terms or 23 conditions that would be the basis for new wholesale 24 charges? 25 A That would be applicable to the areas listed, yes.</p>	<p>1 Q My apologies. Let me ask you, in that section 1, 2 interconnection agreements that are extended for 3 three years, do you know how many CLECs will be 4 impacted by that provision? 5 A No, I don't. 6 Q What about interconnection agreements extended for 7 24 months, do you know how many CLECs will be 8 impacted? 9 A No. And the idea was to provide some degree of 10 certainty without looking at, you know, break points 11 to have a certain number of CLECs in each category. 12 Q And the same thing would be true with the third 13 point, then, you don't know how many CLECs are 14 impacted by it? 15 A That's correct, and I believe Mr. Lipschultz asked a 16 similar question. 17 MR. PENA: I don't have anything further. 18 Thank you. 19 THE WITNESS: Thank you. 20 JUDGE NEILSON: Mr. Bailey. 21 MR. BAILEY: Thank you, Your Honor. 22 CROSS-EXAMINATION 23 BY MR. BAILEY: 24 Q Good afternoon, Ms. Wells. 25 A Good afternoon, Mr. Bailey.</p>
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<p>1 MR. HALM: Thank you, Your Honor. No 2 further questions. 3 JUDGE NEILSON: Mr. Pena. 4 CROSS-EXAMINATION 5 BY MR. PENA: 6 Q Good afternoon, Ms. Wells. 7 A Good afternoon. 8 Q I want to talk a little bit about section 2.a of the 9 settlement and I do have a couple more questions as 10 to interconnection agreements. Now, in this subpart 11 extending interconnection agreements, subpart 1 12 extends certainly interconnection agreements 36 13 months, subpart 2, 24 months, subpart 3, 12 months. 14 In each one of those paragraphs you use the term 15 expired. And what do you mean by that? 16 A That would be the date that the -- if the 17 interconnection agreement was for three years and 18 that time period had passed and it was in evergreen 19 status it would be the date that it had technically 20 expired. 21 Q So you're referring to interconnection agreements 22 that are in evergreen status, correct? 23 A Well, the first one is that is not expired as of the 24 closing date or has been expired less than three 25 years.</p>	<p>1 Q I too have some questions about the settlement 2 agreement and I'd like to start with the broadband 3 provision. 4 A Okay. 5 Q Now, the broadband provision does apply to both the 6 merged firms, so it applies to Qwest and CenturyLink 7 together, correct? 8 A That's correct. 9 Q And they make a commitment to invest a minimum of 50 10 million over a five-year period, so for purposes of 11 averaging, that would be 10 years per year, just for 12 purposes of averaging that out? 13 A 10 million per year. 14 Q What did I say? 15 A 10 years per year. 16 Q Okay. \$10 million per year, excuse me. And then 17 one-third of that 10 million, again just averaging 18 out to get a sense, a third of that would be 3.3 19 million that would have to be dedicated to unserved 20 or underserved territories? 21 A Roughly speaking, yeah, that's correct. 22 Q [ TRADE SECRET EXHIBIT B BEGINS 23 24 25</p>

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<p>1 different extension periods? 2 A Well, because you end up with 36 months, plus more 3 than three years, you're talking about an ICA 4 agreement that could be expired for over six years 5 and Qwest wouldn't -- there would be no change to it 6 unless the parties agreed or there was a change in 7 the wholesale obligation. It's to provide a period 8 of certainty. We felt that the -- that these time 9 frames were appropriate. 10 Q Okay. Well, let me step back here. We're talking 11 about these time frames starting when this 12 transaction closes, correct? 13 A Correct. 14 Q So let's just say July 2011 or June 2011. 15 A Okay. 16 Q So what is the difference between 2011, '12, '13, 17 '14, what's the difference between the contracts in 18 the first group being able to go on to June 2014, 19 but the contracts in the second group get to only go 20 on to only June 2013? 21 A There has to be -- 22 Q Because that's what we're talking about. We're not 23 talking about six years, we're talking about a one 24 year difference that's going to happen in three 25 years.</p>	<p>1 position, view or agreement in any other 2 jurisdiction regarding the merger transaction, and 3 further agree that they shall not use this agreement 4 in any other proceedings as evidence of any other 5 party's position in that proceeding. Are you saying 6 that the Department assumed that because the parties 7 took a position in Iowa that it could lift that 8 position and apply it to these proceedings, despite 9 the parties saying that that was not their intent? 10 A No. 11 Q So how did you get to the 36 and the 24 and the 12, 12 which are identical in the Iowa agreement? And your 13 testimony here saying that the CLECs actually were 14 looking for 48 months? 15 A The settlement document is the Department's 16 position. We're not saying it's any of the CLECs 17 that participated in Iowa, that it's their position 18 in Minnesota. 19 Q Okay. I guess I apologize, Ms. Wells. I thought 20 you were implying that it was reasonable because it 21 was reached in Iowa and therefore was reasonable for 22 the CLECs here in this instance. So you decided 23 that despite the position taken by the CLECs, it was 24 a conscious decision to decide not to go with the 48 25 months or even to consider the 24 months being</p>
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<p>1 A But there has to be a cutoff, so wherever you pick 2 the date, there's going to be some that just missed 3 it and some that didn't. 4 Q Was the cutoff you chose the one simply because it 5 was in the Iowa agreement? 6 A Well, we felt comfortable that CLECs in Iowa were 7 satisfied with these time frames and we didn't have 8 a reason to go with something different. 9 Q Now, you're familiar with the testimony, you 10 indicated that you've read the testimony that was 11 introduced into this proceeding. Mr. Appleby 12 testified on behalf of Sprint, and he discusses at 13 length in his testimony why contracts, ICAs, should 14 be extended, and he proposed 48 months, and so you 15 were aware of that when you looked at this? 16 A Yes. 17 Q Okay. And then you indicated that you read the 18 settlement, the entire Iowa settlement before you 19 entered into your settlement? 20 A Yes. 21 Q Okay. Then you're familiar with the provision that 22 said that the parties in the Iowa settlement 23 recognize and agree that this settlement resolves 24 only the Iowa proceedings and parties to this 25 agreement are not restrained from presenting any</p>	<p>1 folded into the 36-month group? 2 A We felt comfortable with the time frames in the 3 settlement. 4 Q And is it fair to say that it was a conscious 5 decision not to include CenturyTel or was it just 6 simply because CenturyTel wasn't included in Iowa 7 that you didn't include it here? 8 A No, it was a conscious decision. 9 MR. BAILEY: Thank you. I don't think I 10 have any further questions. 11 JUDGE NEILSON: Mr. Rubin. 12 MR. RUBIN: Thank you, Your Honor. 13 CROSS-EXAMINATION 14 BY MR. RUBIN: 15 Q Good afternoon, Ms. Wells. 16 A Good afternoon, Mr. Rubin. 17 Q I promise to try to keep this short and sweet. In 18 your testimony earlier this afternoon you said that 19 one of your public interest considerations was that 20 no one would be worse off. Do I recall that 21 correctly? 22 A That's correct. 23 Q Does that include Qwest's employees in Minnesota? 24 A To the extent that they -- yes, our intent is that 25 we try not to make anyone worse off with this</p>

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<p>1 settlement document. 2 Q Okay. What did you do to assure yourselves that 3 Qwest's employees in Minnesota would not be worse 4 off as a result of this transaction? 5 A We tried to build in broadband commitments that 6 would ensure some buildout. We did not specifically 7 address layoffs, keeping call centers open, keeping 8 the same number of employees, we didn't do that in 9 this document. 10 Q Yes, I noticed that. And I'm asking what you did 11 do, and the only thing you mentioned was broadband 12 commitments. Is there anything else? 13 A No. 14 Q There's nothing that requires that broadband 15 buildout to occur within Qwest's service area, is 16 there? 17 A It would be within Minnesota, but generally Qwest 18 and CenturyLink provision services within their 19 areas and have tended not to go outside of the areas 20 into the small ILEC territory. 21 Q Right. But there's nothing in the agreement that 22 says how that \$50 million is to be split between 23 Qwest and CenturyTel service areas, is there? 24 A No, there isn't. 25 Q In fact, the broadband commitment does not require</p>	<p>1 saying that neither Qwest nor CenturyLink will be 2 harmed financially by undertaking this transaction? 3 A No, it's what we assured ourself of first was that 4 the financial, managerial and technical capability 5 existed and that then we looked at what to include 6 as the merger -- or as the settlement provisions. 7 Q All right. And when you say that the financial -- 8 and I'm just focusing on the financial here. When 9 you're saying that the financial capability existed, 10 are you saying that neither Qwest nor CenturyLink 11 would be worse off financially if this transaction 12 occurred? 13 A No, the discussion about not making any one worse 14 off was the terms of the settlement offer, it was 15 not part of the general analysis that we always do 16 in a merger proceeding to assure ourselves that the 17 financial, managerial and technical ability exists. 18 Q Do you expect CenturyLink to lose its investment 19 grade bond rating if this transaction occurs? 20 A We do not have that expectation. 21 Q Do you recognize the risk that it's a possibility? 22 A Yes, we do. 23 Q And does the proposed settlement do anything to 24 address that possibility? 25 A No, it does not. It is not a requirement by state</p>
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<p>1 that money to be spent by the ILECs, does it? 2 A By Qwest or CenturyLink? 3 Q No, I said by the Qwest and CenturyLink ILECs. As I 4 read the language it says the company shall commit, 5 and the company is defined as the two parent 6 corporations and all their subsidiaries, correct? 7 A That's correct. 8 Q So there's nothing that requires that the ILECs 9 themselves actually make these investments, is 10 there? 11 A No. 12 Q And there's nothing that requires that employees of 13 the ILECs do the work to build out that 14 infrastructure, is there? 15 A No. 16 Q And one of the other considerations you mentioned 17 was that the transaction would not have an adverse 18 impact on Qwest's financial condition, correct? 19 A What I indicated was that the first consideration 20 was to assure ourselves that the post-merger company 21 would have the financial, managerial and technical 22 ability, and that once we got beyond that analysis 23 then we could enter into this settlement agreement. 24 Q Okay. Is saying that the combined company will have 25 the financial capability, that's the same thing as</p>	<p>1 law that a company have an investment grade credit 2 rating to be authorized to provide local service in 3 Minnesota. 4 Q I'm sorry, I don't think I implied that it did, I 5 was just asking if the settlement did anything to 6 address that possibility and I think your answer was 7 no, correct? 8 A That's correct. 9 Q Now, is there a risk that this transaction could 10 cause Qwest to lose the ability to use some or all 11 of its net operating losses for federal income tax 12 purposes? 13 A I don't go into that in the settlement document. 14 Q I didn't ask you if you went into it in the 15 settlement document, I asked you if there's that 16 risk. 17 A I think there is testimony in the proceeding that 18 that risk exists. 19 Q Does the settlement do anything to address that 20 risk? 21 A No, it does not. 22 Q Is there a risk that the integration of the two 23 companies, in the attempt to achieve synergy 24 savings, could not go well and could cause financial 25 harm to the companies?</p>

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<p>1 A I believe there is testimony in this proceeding that 2 that risk exists. 3 Q Does the settlement do anything to address that 4 risk? 5 A No. 6 Q Is there also a risk that that integration and 7 attempt to achieve synergies could result in a 8 diminution in the quality of service provided to 9 retail customers? 10 A I believe that testimony is in the record in this 11 proceeding. 12 Q Does the settlement do anything to address that 13 risk? 14 A The settlement does not include retail or wholesale 15 service quality provisions because we already have 16 those in place. 17 Q But the service quality provisions that are already 18 in place were not put in place in contemplation of a 19 merger, were they? 20 A They were adopted by the Commission as satisfying 21 retail and wholesale obligations. There was no 22 discussion about whether it was on a general basis 23 or whether they needed to be beefed up if there was 24 a merger. 25 MR. RUBIN: Thank you. That's all I</p>	<p>1 reach-out to the CLECs. 2 Q In your years of experience, do you recall a 3 settlement being limited not by the parties not 4 being able to reach agreement, but simply because 5 there wasn't adequate effort to engage the others? 6 A I guess I don't understand what you mean by adequate 7 effort. Our understanding from CenturyLink and 8 Qwest was that they were trying to discuss 9 settlement with the CLECs. It's their filing so, 10 you know, our negotiations with them were based on 11 what we thought would be required to be in the 12 public interest to include in the settlement 13 document and their representation that they were 14 doing the reach-out and it wasn't going well. 15 MR. FOURNIER: Thank you, Ms. Wells. I 16 have nothing further. 17 JUDGE NEILSON: Were there questions from 18 the Joint Petitioners? 19 MR. TOPP: No questions, Your Honor. 20 JUDGE NEILSON: Okay. Ms. Anderson, did 21 you have redirect? 22 MS. ANDERSON: Two areas, briefly. 23 REDIRECT EXAMINATION 24 BY MS. ANDERSON: 25 Q Ms. Wells, you were asked some questions with</p>
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<p>1 have, Your Honor. 2 JUDGE NEILSON: Okay. Are there any 3 questions from PUC staff? 4 MR. FOURNIER: Thank you, Your Honor. I 5 have a couple. 6 JUDGE NEILSON: Okay. 7 EXAMINATION 8 BY MR. FOURNIER: 9 Q Good afternoon, Ms. Wells. 10 A Good afternoon, Mr. Fournier. 11 Q In this process, this negotiation and settlement 12 process as it developed, was any consideration given 13 to engaging the CLECs in the negotiations? 14 A Our understanding from CenturyLink and from their 15 filings with the FCC was that they had done a 16 reach-out to the CLECs to negotiate a settlement and 17 that they were doing that on a separate basis. We 18 did receive a communication from Ms. Clauson, I 19 believe it was Thursday, after the Iowa settlement, 20 that if any states were entering into settlement 21 negotiations they would like to participate. 22 However, at that point we were fairly far along 23 because we finalized Friday morning and so -- and we 24 did want to file the settlement or reach settlement 25 before we filed our surrebuttal. So we did not do a</p>	<p>1 respect to information received by the Department 2 after the middle of the September; do you recall 3 those questions? 4 A Yes, I do. 5 Q Is it correct that the Department reviewed all of 6 the information responses that were received by the 7 Department? 8 A Yes, our analysts kept working on this docket all of 9 September into the morning of October 1st as if they 10 were going to file testimony, so they were reviewing 11 information requests, they were reading testimony. 12 So, yes, they were reviewing everything that was in 13 the record of this case that they had access to. 14 Q Can you comment on whether or not the Department 15 reviewed information that has been noted as 16 Exhibit C or D information as well that was produced 17 quite late in the proceeding? 18 A Yes, two or three Department of Commerce personnel 19 went over to the CenturyLink office and reviewed B 20 and C, and I believe also had a short look at the 21 information categorized as D. 22 Q A different question and my last question. Without 23 this stipulation are there any time periods that 24 Joint Petitioners had committed to with respect to 25 broadband or the time frames that are involved in</p>

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<p>1 this settlement agreement? 2 A No, these are the first commitments that we've -- I 3 mean, that we negotiated that are in this record as 4 certain time frames that they would agree to or have 5 agreed to in our settlement, but otherwise they are 6 issues in dispute in the case. 7 Q And that goes as well for the retail rate freeze as 8 well; is that right? 9 A Other than CenturyLink's testimony offering not to 10 request the dollar increase in the rates in the 11 Embarq AFOR extension. 12 MS. ANDERSON: I have nothing further. 13 JUDGE NEILSON: Mr. Merz or 14 Mr. Lipschultz? 15 MR. LIPSCHULTZ: I have some very brief 16 recross. 17 JUDGE NEILSON: Okay. 18 RECROSS-EXAMINATION 19 BY MR. LIPSCHULTZ: 20 Q Since our discussion, Ms. Wells, I've heard some 21 discussion of the Iowa settlement in conversations 22 with some of the other intervenors, and I think you 23 indicated that you relied in part on the Iowa 24 settlement in developing the terms in this agreement 25 with the Joint Petitioners, correct?</p>	<p>1 A Yes. 2 Q And that Joint CLEC who was a party to the Iowa 3 settlement was PAETEC, correct? 4 A That's correct. 5 Q And you're aware that PAETEC filed a motion with the 6 Iowa Utilities Board objecting to the Joint 7 Petitioners' use of that settlement in the FCC's 8 merger proceeding precisely because of that language 9 I just referred to earlier, aren't you? 10 A I guess I'm not aware that they filed a motion with 11 the Iowa Board, no. 12 MR. LIPSCHULTZ: Okay. Nothing further. 13 JUDGE NEILSON: Mr. Halm. 14 REDIRECT EXAMINATION 15 BY MR. HALM: 16 Q Just a quick follow up on that point. 17 Mr. Lipschultz just read you some language straight 18 out of the Iowa settlement agreement which refers to 19 the governing law in Iowa. Are you generally 20 familiar with the Iowa Utility Board's authority 21 over these types of transactions? 22 A No. 23 Q If you knew the Board's authority over these 24 transactions was very limited, would you have still 25 have decided to use this as a baseline document?</p>
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<p>1 A We were negotiating the provisions on the wholesale 2 side, when we saw the Iowa agreement we felt more 3 comfortable with the time frames we were looking at. 4 Q Ms. Wells, in response to Mr. Bailey as part of 5 talking about your reliance on the Iowa settlement 6 and crafting provisions in this agreement, you 7 indicated -- this is almost a direct quote -- that 8 you felt comfortable with the language, for example, 9 in section 2 on ICA extensions because CLECs had 10 agreed to them in the Iowa settlement, correct? 11 A Correct. 12 Q Are you aware of provisions in that settlement 13 stating that the parties agree that the schedule 14 governing law and market conditions in Iowa are 15 unique, that the settlement in Iowa was applicable 16 only in that docket, that the settlement agreement 17 in Iowa resolves only Iowa, and that the agreement 18 in Iowa shall not be used in any other proceeding as 19 evidence of any parties' position, are you aware of 20 that? 21 A Yes. 22 Q Are you aware that only one of the nine joint CLECs 23 in this case was a party to that Iowa settlement? 24 A Of the Joint CLECs? 25 Q Of the Joint CLECs.</p>	<p>1 A I guess I don't see what difference that would make. 2 Q Well, is it fair to say that if a Commission had 3 broader authority to review transactions like this, 4 possibly post conditions, that the intervenors 5 before that Commission may not agree to the terms 6 that we see in Iowa, the Commission might order more 7 conditions or more extensive conditions? 8 A Our -- I said we felt comfortable with Iowa because 9 CLECs had agreed to those time frames in another 10 state. So it goes more to the comfort level than 11 the Commission's authority versus the Iowa Board's 12 authority. 13 Q With respect to the question that Mr. Fournier 14 asked, he said that you had been told by CenturyLink 15 representatives that they had reached out to certain 16 CLECs? 17 A We asked who they were all negotiating with and they 18 told us, and I've also seen a filing with the FCC 19 that indicates they were attempting to negotiate 20 with CLECs. 21 Q Did they identify which CLECs? 22 A I can't recall offhand, sorry. 23 Q Do you remember when that FCC filing was made? 24 A Late September. 25 MR. HALM: Okay. Thanks.</p>

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<p>1 JUDGE NEILSON: Mr. Bailey -- or 2 Mr. Pena? 3 REDIRECT EXAMINATION 4 BY MR. PENA: 5 Q Maybe you've answered this and I just didn't catch 6 it. But all of your testimony has been that you're 7 comfortable using the Iowa settlement because CLECs 8 agreed to it in Iowa; is that correct? 9 A That's correct. 10 Q And I believe it's just come out in redirect -- 11 pardon me, in questioning that it was only one CLEC 12 in Iowa that had reached a settlement? 13 A No, that's not correct. The CLECs that agreed to 14 this in Iowa -- I don't know if I should read them, 15 but it was more than one. There's one of the Joint 16 CLECs in this proceeding that was also in the Iowa 17 proceeding. There were other CLECs. 18 MR. PENA: Thank you for the 19 clarification. 20 JUDGE NEILSON: Mr. Bailey. 21 MR. BAILEY: Thank you. 22 RECROSS-EXAMINATION 23 BY MR. BAILEY: 24 Q And I think, Ms. Wells, you have answered this, but 25 I'm not sure I fully understood. And I'm talking</p>	<p>1 Q Because it overrides it or because the logic of the 2 situation would control? I'm just trying to 3 understand. The way the FCC obligation section is 4 written it seems to be not a matter of common sense 5 or we'll see how the chips fall, it says that by 6 virtue of its jurisdiction, so I think we're talking 7 about a legal argument here, and correct me if I'm 8 wrong, that anything that to the extent is 9 inconsistent, any required terms and conditions 10 applicable to CLECs or CMRS providers contained in 11 the FCC's order approving the merger will 12 automatically be incorporated into and supersede the 13 terms in this section above -- and this is where 14 we're having a problem -- except to the extent it is 15 state specific. So I guess I don't know what is 16 going to be superseded in this and what isn't by the 17 FCC because I guess it's state-specific? 18 A Well, the broadband investment would be 19 state-specific, the rate freeze, and then the change 20 management process. And I think you would have to 21 look at what the particular FCC decision was. 22 Q Well, and that's what I'm trying to get to, because 23 I don't think I have to, right? If you were saying 24 that if the provision here is state-specific, that's 25 what's controlling. Or are you saying it's the</p>
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<p>1 about the FCC most favored nation provision, the FCC 2 provision that's on page 6, I think it is, FCC 3 obligations. And Mr. Lipschultz was trying to 4 understand what constituted a state-specific 5 condition such that if the control of the FCC would 6 not. And am I right that everything in this is 7 state-specific so that there would be no impact, in 8 terms of change management process, retail prices, 9 ICA extensions, is there anything, broadband 10 investment, protection against tariff changes, and 11 negotiating an interconnection agreement, 12 operational support system, wholesale, all of that 13 is, in your opinion, state-specific, so that the 14 FCC, if it has any different conditions, wouldn't 15 control? 16 A No, that wasn't my testimony, Mr. Bailey. 17 Q Then I'd like to know how do you figure out what 18 does or doesn't? I guess I'm not clear on that. 19 A The broadband commitment is state-specific, so they 20 will, you know, do the broadband investment. 21 Q What about operational system support, is that 22 state-specific, such that if the FCC were to do 23 something longer it doesn't apply? 24 A No, if the FCC did something longer I think it would 25 apply.</p>	<p>1 FCC's decision to state-specific that's controlling. 2 And I'm not trying to confuse you, you said to 3 Mr. Lipschultz, no, if we say it's state-specific 4 here then that controls and the FCC doesn't 5 supersede and I'm just trying to understand it. 6 A No, the MPAP is state-specific, the broadband 7 commitments are state-specific, the rate freeze is 8 state-specific. So it would depend on what the FCC 9 requirements were. 10 Q And please don't let me put words in your mouth, but 11 what I think you said then is that as far as you're 12 concerned today you would not consider B.1, 13 wholesale, operation system support, to be 14 state-specific? 15 A I would also not see the FCC adopting shorter time 16 frames. 17 Q You know, the FCC is mysterious just like other 18 entities so I guess we don't know on that. How 19 about interconnection agreement negotiations, is 20 that state-specific? 21 A Well, the interconnection agreements are 22 state-specific, so I think again it would depend on 23 how the FCC worded its -- 24 Q Well, if it's state-specific then the FCC wouldn't 25 supersede it, is what I understand; is that right?</p>

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<p>1 A Well, I would assume they wouldn't. 2 Q And what about protection against tariff changes, is 3 that state-specific? 4 A If it's a state tariff then the Public Utilities 5 Commission has jurisdiction. 6 Q Okay. So the FCC couldn't change that. How about 7 this change management process provision? 8 A And, again, I don't think that the FCC would go with 9 a shorter time frame. 10 Q So 5 is state-specific, 4 is state-specific, 3 is 11 state-specific, that's the tariff changes, 2, 12 interconnection agreement negotiations is 13 state-specific, and did I hear you correctly, 1, 14 operational system support is not state-specific? 15 A I think it would depend on how it was worded and, 16 again, I don't see the FCC adopting a shorter time 17 frame. 18 Q Right. Again, we're trying to figure out -- I think 19 what's controlling is whether this agreement says 20 it's state-specific. So is number 1, operational 21 system support, state-specific? 22 A I think it would be if this Commission adopted that 23 Qwest had to do this for their approval. 24 Q So it's fair to say that the FCC doesn't have 25 anything in here that can override?</p>	<p>1 STATE OF MINNESOTA)  ) ss. 2 COUNTY OF HENNEPIN) 3 4 5 6 REPORTER'S CERTIFICATE 7 8 9 I, Janet Shaddix Elling, do hereby 10 certify that the above and foregoing transcript, 11 consisting of the preceding 250 pages is a 12 correct transcript of my stenographic notes, and is 13 a full, true and complete transcript of the 14 proceedings to the best of my ability. 15 Dated October 19, 2010. 16 17 18 19 20 JANET SHADDIX ELLING Registered Professional Reporter 21 22 23 24 25</p>
<p>Page 250</p> <p>1 A Well, the FCC obligation paragraph is broader than 2 just what we have in the settlement document. 3 MR. BAILEY: No further questions, Your 4 Honor. 5 JUDGE NEILSON: Mr. Rubin, did you have 6 anything further? 7 MR. RUBIN: No, Your Honor. 8 JUDGE NEILSON: Any further inquiry from 9 anyone? 10 Okay. Well, let's adjourn for today and 11 we'll resume tomorrow morning at 9:00. 12 (Hearing adjourned at 4:47 p.m.) 13 14 15 16 17 18 19 20 21 22 23 24 25</p>	

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<p>PUBLIC - TRADE SECRET EXHIBITS B &amp; C REDACTED</p> <p>EVIDENTIARY HEARING - VOLUME 2B - OCTOBER 6, 2010                  BEFORE THE OFFICE OF ADMINISTRATIVE HEARINGS                  OF THE STATE OF MINNESOTA</p> <p>In the Matter of the Joint Petition for Approval of                  Indirect Transfer of Control of Qwest Operating Companies                  to CenturyLink</p> <p>PUC DOCKET NO: P421,et.al./PA-10-456                  OAH DOCKET NO: 11-2500-21391-2</p> <p>Met, pursuant to notice, at 9:30 in the                  morning on October 6, 2010.</p> <p>BEFORE: Barbara Neilson, ALJ                  REPORTER: Angie D. Threlkeld</p>	<p>1 THOMAS BAILEY, Attorney at Law, Briggs                  and Morgan, 80 South Eighth Street, Suite 2200,                  2 Minneapolis, Minnesota 55402, appeared for and on                  3 behalf of Sprint, T-Mobile, and CBeyond.                  4                  5 GREGORY R. MERZ, Attorney at Law, Gray                  6 Plant Mooty, 80 South Eighth Street, Suite 500,                  7 Minneapolis, Minnesota 55402, appeared for and on                  8 behalf of Integra and Velocity Telephone.                  9                  10 K.C. HALM, Attorney at Law, Davis Wright                  Tremaine, LLP, 1919 Pennsylvania Avenue NW,                  11 Suite 800, Washington D.C. 20006, appeared for and                  12 on behalf of Charter Fiberlink.                  13                  14 ROGELIO PENA, Attorney at Law,                  Pena &amp; Associates, 4845 Pearl East Circle, Suite                  15 101, Boulder, Colorado, 80301, appeared for and on                  16 behalf of Level 3.                  17                  18 JULIA ANDERSON, Assistant Attorney                  General, 445 Minnesota Street, Suite 1400, St. Paul,                  19 Minnesota 55101, appeared for and on behalf of the                  20 Minnesota Department of Commerce.                  21                  22 PUC STAFF:                  Kevin O'Grady                  23 Marc Fournier                  24                  25</p>
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<p>1 APPEARANCES:</p> <p>2 MICHAEL AHERN, Attorney at Law, Dorsey &amp;                  3 Whitney, 50 South Sixth Street, Suite 1500,                  4 Minneapolis, Minnesota 55402 and SUSAN MASTERTON,                  5 Attorney at Law, 315 South Calhoun Street, Suite                  6 500, Tallahassee, Florida 32301, appeared for and on                  7 behalf of CenturyLink.                  8                  9 JASON TOPP, Attorney at Law, 200 South                  Fifth Street, Room 2200, Minneapolis, Minnesota                  10 55402, appeared for and on behalf of Qwest                  11 Communications.                  12                  13 SCOTT J. RUBIN, Attorney at Law,                  333 Oak Lane, Bloomsburg, Pennsylvania 17815-2036,                  14 and CRISTINA PARRA HERRERA, Attorney at Law,                  15 Gregg M. Corwin &amp; Associates, 1660 South Highway                  16 100, Suite 508E, St. Louis Park, Minnesota 55416,                  17 appeared for and on behalf of the Communications                  18 Workers of America.                  19                  20 DAN LIPSCHULTZ, Attorney at Law, Moss &amp;                  Barnett, 90 South Seventh Street, Suite 4800,                  21 Minneapolis, Minnesota 55402, appeared for and on                  22 behalf of the CLEC Coalition.                  23                  24                  25</p>	<p>1 INDEX - VOLUME 2B</p> <p>2 WITNESS PAGE</p> <p>3 MICHAEL HUNSUCKER 5</p> <p>4 Direct Examination by Ms. Masterton 5</p> <p>5 Cross-Examination by Mr. Merz 11</p> <p>6 Cross-Examination by Mr. Lipschultz 62</p> <p>7 Cross-Examination by Mr. Halm 75</p> <p>8 Cross-Examination by Mr. Pena 111</p> <p>9 Cross-Examination by Mr. Bailey 123</p> <p>10 Cross-Examination by Mr. Rubin 136</p> <p>11 Redirect Examination by Ms. Masterton 138</p> <p>12 Recross-Examination by Mr. Merz 141</p> <p>13 Recross-Examination by Mr. Lipschultz 150</p> <p>14 Recross-Examination by Mr. Pena 155</p> <p>15 Recross-Examination by Mr. Bailey 157</p> <p>16 EXHIBITS: Mrk'd Of'd Rec'd</p> <p>17 17 Hunsucker Rebuttal 5 6 6</p> <p>18 18 Hunsucker Surrebuttal 5 6 6</p> <p>19 19 Notification by CenturyTel, 85 90 90</p> <p>20 dated July 7, 2009, to its</p> <p>21 wholesale customers</p> <p>22 regarding implementation of</p> <p>23 the EASE system</p> <p>24 20 CenturyLink's response to 93 99 99</p> <p>25 Integra Information Request</p> <p>Number 143, Attachment</p> <p>4(C)-29, titled Wholesale</p> <p>Diligence Update, prepared</p> <p>on April 19, 2010 by Bill</p> <p>Cheek, President Wholesale</p> <p>Operations CenturyLink</p>

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<p>1 It was the contract rates, terms, and conditions. 2 So there was concern expressed to us from some of 3 the CLECs as we negotiated this in Iowa that perhaps 4 we could do an end run around the ICA by filing a 5 retail tariff for some of these charges. So we 6 agreed to put that language in there because it was 7 not our intent to charge these at all in Qwest's 8 territory. So we put that price protection in the 9 actual settlement, in the agreement. 10 Q Would you agree with me then that the retail price 11 cap you agreed to is in the public interest? 12 A Yes. 13 Q And you would agree that the wholesale -- cap on 14 wholesale prices would also be in the public 15 interest, correct, for a period of time following 16 the merger? 17 A It would be in the interest of the CLECs in 18 providing service to their consumers, yes. 19 Q And you'd consider that to be in the public 20 interest -- 21 A Yes. 22 Q -- wouldn't you? Now, I'm looking at the 23 settlement. And I don't know if you have a copy of 24 that in front of you. 25 A I have one here somewhere. Just one second, I can</p>	<p>1 the extension period? 2 A That we would not file that any rates would increase 3 prior to the termination of the extension period. 4 Q Okay. Thank you. 5 A I mean, we could file in advance of that, but they 6 wouldn't be implemented until the termination 7 period. 8 Q Okay. Now, is it your understanding that the rates 9 in an interconnection agreement are limited solely 10 to network elements subject to Section 251 of the 11 act? 12 A Yes, that's my understanding. 251, 252, yes. 13 Q So is it your understanding that this settlement 14 provision with the Department related to 15 interconnection agreements would not put a cap on 16 any rates for wholesale services that are not 17 subject to Section 251? 18 A It would not put a cap on any rates that are 19 contained within the current ICA. 20 Q Or it would put a cap on rates that are contained in 21 the ICA? 22 A Yeah, I said that backwards. I'm sorry. I mean, 23 anything that's in the ICA, any rate or condition 24 would be capped or left as is for the window of the 25 extension period.</p>
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<p>1 get it. Okay. I've got it. 2 Q And I'm looking at page 3 at the bottom, and that's 3 the provision -- or at least where the provision 4 starts with respect to interconnection agreement 5 negotiations. 6 A Okay. 7 Q Do you see that? 8 A Yes. 9 Q A moment ago you indicated that this provision is 10 intended to freeze rates that are incorporated into 11 an interconnection agreement; is that correct? 12 A Correct. 13 Q And you'll notice that the term rate is not included 14 in the language of this provision? 15 A Yeah. What it says in section 2.a is that will not 16 terminate or change the conditions. It was intended 17 that that encompassed any condition in the ICA. We 18 will not change the ICA at all except to the extent 19 there's a change of law, required by law, or to the 20 extent Qwest and CenturyLink -- I won't read that 21 into the record. 22 Q And thank you for that clarification. Does that 23 mean that post-merger the merged company will not 24 file with the Commission for an increase in its 25 unbundled network element rates for the duration of</p>	<p>1 Q And, Mr. Hunsucker, are you aware that Qwest 2 provides a number of wholesale services in what it 3 terms commercial agreements? 4 A Yes. 5 Q And are you aware that one of the wholesale services 6 provided by Qwest in commercial agreements is dark 7 fiber transport? 8 A Yes. 9 Q And you're aware that that's dark fiber transport 10 that's no longer subject to Section 251 but that 11 Qwest nevertheless provides? 12 A Correct. 13 Q Does CenturyLink in Minnesota or elsewhere provide a 14 commercial dark fiber transport offering? 15 A We -- we have a couple of dark fiber offerings. I 16 don't believe there's any in Minnesota though. 17 Q Do you know why there isn't one in Minnesota? 18 A I don't know if we've been requested for any. But 19 it's generally not our intent to provide dark fiber, 20 but we do have a couple of situations where we have 21 provided it. 22 Q You may not have been able to answer this, and 23 that's fine. But do you have any idea why it's 24 generally not CenturyLink's intent to offer dark 25 fiber?</p>

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<p>1 A Because we're not obligated -- we don't believe 2 we're obligated to provide dark fiber. 3 Q Given that you're, at least in your view, not 4 obligated to provide dark fiber, is there any reason 5 you wouldn't offer it if you thought you could 6 actually make money providing it? 7 A You know, I'm not aware -- I mean, that would be a 8 product call in the product group. So, you know, I 9 don't know what their belief and thinking is on 10 that. 11 Q Do you believe that it's likely that post-merger the 12 merged company would cease the current Qwest 13 commercial dark fiber offering? 14 A I don't think it's likely for a period of time. I 15 don't know what that period of time is. Again, that 16 would be left up to a decision of the product 17 people. 18 Q Do you believe that Qwest and CenturyLink and 19 ultimately the merged company face what I've heard 20 termed here robust retail competition from 21 competitors? 22 A Yes. 23 Q Do you believe that a price cap of retail services 24 is necessary to protect retail consumers in light of 25 that robust competition?</p>	<p>1 Q I apologize for the delay, but -- 2 A That's okay. 3 Q -- as I delay, I'm deleting questions. So there 4 will be payoff. 5 A I'm fine with that. 6 Q I thought you would be. 7 MR. LIPSCHULTZ: Nothing further. The 8 worth was wait -- the wait was worth it. 9 THE WITNESS: Thank you. 10 JUDGE NEILSON: Mr. Halm. 11 CROSS-EXAMINATION 12 BY MR. HALM: 13 Q Mr. Hunsucker, I'd like to follow up on a question 14 raised by Mr. Lipschultz with respect to the 15 Minnesota settlement agreement. Do you still have a 16 copy of that in front of you? 17 A Yes, I do. 18 Q And I have a question about Section 3, which appears 19 on page 5. 20 A Okay. 21 Q And I believe that you testified that this provision 22 was added to address concerns raised by the CLECs in 23 Iowa; is that right? 24 A That -- yes, that's correct. 25 Q All right. Are those the same concerns addressed by</p>
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<p>1 A In my -- in my personal opinion? 2 Q In your personal opinion. 3 A I don't believe a rate cap is necessary for that, 4 given the state of competition, no. 5 Q But the Joint Petitioners agreed to a rate cap on 6 certain retail services in its settlement with the 7 Department, correct? 8 A Yes. Correct. 9 Q What would be your objection to a rate cap on 10 Qwest's current commercial offerings for a period of 11 time following the merger? 12 A Again, I don't -- I don't think there's any 13 obligation for us to do that nor any reason. Those 14 are commercial product offerings. There's a reason 15 they're commercial product offerings. And, you 16 know, I don't think we're willing to agree that we 17 would cap the rates on those offerings for any 18 period of time. 19 Q And your reason is because you're not obligated to? 20 A Correct. 21 Q Do you have any idea the extent to which wholesale 22 customers who currently purchase Qwest's dark fiber 23 commercial offering have alternatives to Qwest for 24 that dark fiber transport? 25 A I don't have any knowledge, no.</p>	<p>1 the CLECs here in Minnesota? 2 A I would assume they are, yes. 3 Q Okay. Have you read the testimony of the CLEC 4 intervenors in this case? 5 A Yes, I have. 6 Q And the provision two or three lines down identifies 7 a number of different wholesale surcharges that will 8 not be assessed through tariff-based changes? 9 A On Qwest -- in Qwest's areas, yes, that's correct. 10 Q In Qwest's areas. And it appears that those are the 11 surcharges that are identified by a number of CLECs 12 here in Minnesota -- 13 A Yes. 14 Q -- right? But there is one particular surcharge 15 that was not included on this list, and that is the 16 surcharge that Century accesses when a competitor 17 with its own loop accesses the NID enclosure on a 18 customer's premise. Did you intentionally omit that 19 surcharge from this list? 20 A No, we did -- we did not. This was the list that 21 was provided to us by the CLECs in Iowa, and there 22 was no intention on our part to include or exclude 23 anything. We just reacted to what we were provided. 24 Q Okay. And then your thinking is that this provision 25 is intended to address concerns raised by the CLECs</p>

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<p>1 in Iowa, and you just said also here in Minnesota as 2 well? 3 A Yes. 4 Q Right. So if that particular surcharge were 5 identified as concern here in Minnesota, it would be 6 your intent that the surcharge would not be applied 7 in the Qwest territory for the period of time of 8 36 months? 9 A Yes, it would. I mean, I think we're comfortable 10 with that, because it says included but not limited 11 to. 12 Q All right. Thank you. Then I'd like to go back to 13 some of the early questions that Mr. Merz asked you 14 and just ask a couple of follow-up questions to 15 those. 16 A Okay. 17 Q During your summary, in fact, you -- again, we're 18 talking about the Minnesota settlement agreement, 19 and you said the company agreed to include certain 20 interconnection agreement terms, QPAP or MPAP terms, 21 in response to concerns raised by CLECs? 22 A Correct. 23 Q Right. I think you said in response to concerns 24 raised by CLECs in our conversations? 25 A Yes.</p>	<p>1 settlement conferences, not -- of which I can't 2 discuss the content because they're confidential. 3 Numerous settlement conferences in various states 4 where we've listened to those conversations as well. 5 We actually went to Iowa with our proposal to 6 settle -- you know, to settle the issues. We took 7 the four issues, the QPAP or the MPAP here -- 8 Q That's what we see in the settlement agreement? 9 A Yes. The CMP -- 10 Q Right. 11 A -- ICA extensions and OSS, and we said, you know, 12 we -- we believe the threshold -- the legal 13 threshold in Iowa is very low, here's what we're 14 willing to do. 15 Q How did you choose -- 16 A And that's -- 17 Q -- the four to six CLECs that you reached out to? 18 A We looked at the -- kind of in an effort we looked 19 at some of the larger ones that we knew -- that we 20 knew we do business with. And then some it was -- 21 there were some CLECs where CenturyLink did not have 22 a business relationship -- a significant business 23 relationship, so we went -- we picked some of those 24 that we wanted to go talk to, and some of the others 25 that we -- that were key customers of ourselves as</p>
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<p>1 Q Okay. So can you tell us about those conversations 2 you had with CLECs? 3 A Sure. Certainly right after the transaction was 4 announced, Bill Cheek, my current boss and the 5 president of the wholesale operations in the new 6 company, we -- we made visits to some of the CLECs. 7 We didn't -- we couldn't get to everybody, but we 8 did make some visits to four to six different CLECs, 9 talking about, you know, what concerns, what issues 10 do you have, with -- with this transaction, what are 11 things -- what does Qwest do good, what do Qwest -- 12 what does Qwest not do as good, what are we doing 13 good, what are we not doing good. In an effort to 14 we wanted to try to understand where the CLECs are 15 on this transaction, where they felt like they had 16 concerns, issues, et cetera. 17 And then we took those discussions and, 18 you know, looked at some of the -- the conditions 19 that had been filed. And as we worked through like 20 Iowa, we were able to come up with a list of 21 conditions that we were willing to commit to that we 22 thought gave the CLEC business certainty and 23 continuity just like they were asking for. And 24 that's where these lists come from. 25 We've also participated in numerous</p>	<p>1 well. 2 Q And were those CLECs located or did they have 3 operations in any particular region of the country? 4 A Some of them were in the northwest. Some of them 5 are in the northeast. Some of them are national. 6 Some of them were -- I don't think there was any 7 specifically just in the southeast. 8 Q Do you remember the names of these companies? 9 A Yes. 10 Q Can you tell us who they are? 11 A Integra, New Edge, Granite, Choice 1. We met with 12 CompTel, the trade association in Washington, D.C. 13 Q It doesn't sound like you met with any CLECs that 14 are affiliated with any of the cable companies 15 across the nation? 16 A No, we did not. 17 Q I want to also follow up on your discussion with 18 Mr. Merz about the number of account managers that 19 you have or will have once these two companies are 20 put together. Can you take a step back for a moment 21 and explain to us what an account manager does? 22 A The account manager in my organization today, we 23 have -- I'm trying to remember. On a CLEC side we 24 have well over 400 CLECs that we interconnect and do 25 business with. When a CLEC sends in a -- negotiates</p>

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<p>1 a contract with us, we assign to a specific account 2 manager the responsibility of managing the 3 implementation of the interconnection agreement, 4 working internally with our network organization, 5 our billing folks, operations folks, whoever they 6 need to work with to make sure that that contract is 7 operationalized and implemented within the company. 8 They are also responsible for -- you know, they 9 determine whether they need to talk with the 10 customers weekly, monthly, whatever, to make sure 11 that there's an open dialogue between our company 12 and those particular companies. 13 If a customer has an issue, they're the 14 first point of escalation within our company. If 15 they can't get it resolved, they can come to their 16 account managers, and the account managers work as 17 their advocate internally to make sure that their -- 18 the issue is getting the appropriate attention, is 19 getting resolved, and they follow up with those 20 customers. 21 So, you know, we put a lot of attention 22 and a lot of importance on making sure we're doing 23 what we need to do with our wholesale customers. 24 Q And how many account managers do you have right now? 25 A As of right now I have over 20.</p>	<p>1 you'll probably find out pretty quick? 2 A I'll find out pretty quick, yes. 3 Q Right. If we could go back to your rebuttal 4 testimony, starting at page 3. 5 MR. HALM: Your Honor, whenever 6 Mr. Hunsucker would like to take a break, it would 7 be fine with me. 8 JUDGE NEILSON: I'm thinking we'll take 9 one in just a minute or two, unless this is a 10 convenient time to break. 11 MR. HALM: We could do that. 12 JUDGE NEILSON: Okay. Let's take 13 15 minutes. 14 (Break taken from 2:57 to 3:16.) 15 JUDGE NEILSON: Why don't we go ahead and 16 go back on the record. 17 Mr. Halm, did you have any further 18 questions? 19 MR. HALM: I do. Thank you. 20 BY MR. HALM: 21 Q Mr. Hunsucker, if we could look at your surrebuttal 22 testimony, page 4. 23 A Okay. I'm there. 24 Q Lines 4 through 7 where you talk about the timeline 25 for changes to the OSS systems and other wholesale</p>
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<p>1 Q Okay. 2 A I think it's around 21, 22. 3 Q And you said 400 interconnection agreements; is that 4 right? 5 A Yes. 6 Q And each account manager handles an account for a 7 particular a CLEC; is that right? 8 A Yes, they have multiple accounts. But, yes. 9 Q Okay. And then as I understand it, those 20 people 10 report to two people that then report to you; is 11 that how -- 12 A That's correct. 13 Q Right. Okay. In your surrebuttal testimony on page 14 6 you mention, lines 2 and 3, that there are other 15 states that have approved this transaction. Are any 16 of the states that approved this transaction those 17 that are located in the Qwest ILEC territories? 18 A To my knowledge, no, there are not any in the Qwest 19 territories that have approved it at this point. 20 Q And to your knowledge are you following these state 21 proceedings pretty closely? 22 A If you're asking me how many times I sleep at home, 23 the answer is very few. So, yes, I'm following it 24 very closely. 25 Q So if one of those states does approve this merger,</p>	<p>1 operations, on line 4 you said, The immediate intent 2 is, however -- I'm sorry, let me back up. The 3 immediate intent, however, is for the merged company 4 to maintain a Qwest and CenturyLink separate OSS 5 systems. And then on line 7 you state that 6 wholesale customers will not face immediate changes 7 to existing operations. 8 Has the company yet developed a specific 9 timeline for when these changes will occur? 10 A No, we have not developed a specific timeline. What 11 we have committed to is the 24-month moratorium 12 before we make any changes. 13 Q And presumably before committing to do so, there 14 will be some discussions about when those changes 15 might occur? 16 A Yeah, I would think -- we've had some very 17 high-level discussions about how long we think it 18 would -- think that it might take and how much 19 certainty we're willing to give our CLEC customers. 20 And 24 months in our mind was a reasonable time 21 period. 22 Q And in your mind what constitutes an immediate 23 change? 24 A I would characterize that as day one after closing 25 of the transaction would be immediate.</p>

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<p>1 to are who exactly? 2 A It would be the CenturyTel companies in this state. 3 And I'm not sure off the top of my head if all three 4 of those are considered rural. I believe they are. 5 You know, the other point is when you 6 look at the CenturyLink company, more than 7 85 percent of our access lines are not covered by 8 the rural exemption today. It is truly the rural 9 markets that we serve. 10 And, you know, interconnection or access 11 reductions or anything like that, they have to be 12 looked at. And there's an opportunity for CLECs who 13 want to have that lifted to come before the 14 Commission and ask that that be lifted and a finding 15 be made it's in the public interest that that goes 16 away. Nothing changes as a result of this 17 transaction. They still have that same opportunity. 18 Q The companies that benefit from this rural exemption 19 are the same companies whose legal, human resources, 20 billing, systems, and other core processes occur in 21 Monroe, Louisiana, the corporate headquarters; is 22 that right? 23 A Certainly we have centralized functions that can be 24 centralized. But it's still the local operations 25 that Mr. Ring has that's, you know, really the issue</p>	<p>1 the regulatory process as expeditiously as possible. 2 Q But integration of at least one key system, the OSS, 3 won't occur for another 24 months from close, right? 4 A That -- that's correct. And the sooner we can get 5 the organizations together and actually functioning 6 as a single entity will give us the time period that 7 we need or the starting point to be able to work 8 through that process. You know, the longer we 9 delay, the more we delay. And, you know, certainly 10 if that's -- I think that's what the CLECs are 11 looking for in this, is a way to -- you know, to 12 keep the OSS they have today. And, you know, we 13 want to get on with it and start the process of 14 integration. 15 Q All right. But you stand by your testimony that the 16 company doesn't need to rush to decisions or set 17 arbitrary time frames, right? 18 A With respect to OSS, that's correct. But that's one 19 piece of integrating an entire company. 20 MR. HALM: Thank you, Mr. Hunsucker. No 21 further questions. 22 JUDGE NEILSON: Mr. Pena. 23 MR. PENA: I have questions, Your Honor. 24 JUDGE NEILSON: You may proceed. 25 CROSS-EXAMINATION</p>
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<p>1 in rural exemptions. It's not just the centralized 2 functions that are running on the road. 3 Q But it's those companies that are -- that have these 4 protections under the law today and which rely upon 5 corporate headquarters for many of those core 6 processes? 7 A Yeah. Absolutely. 8 Q If you turn to page 11 of your rebuttal testimony. 9 A Okay. 10 Q At the very bottom of that page on line 21 you talk 11 about the, quote, deliberate and thorough approach 12 considering how the company will operate in the 13 future and that you're not going to rush to 14 decisions or rely on or set arbitrary time frames. 15 A Correct. 16 Q If that's true, do you know why Qwest witness, 17 Mr. Stanoch, testified that expedited treatment of 18 this case by the Commission is necessary to allow 19 the Joint Petitioners, quote, more quickly integrate 20 the companies? 21 A Well, I think we have to move through the process as 22 quickly as we can in putting these companies 23 together. And a delay only seeks to delay the 24 total -- the total time frame that we can get this 25 implemented. And, you know, we need to move through</p>	<p>1 BY MR. PENA: 2 Q Good afternoon, Mr. Hunsucker. 3 A Good afternoon. 4 Q I'd like to ask you a few questions regarding the 5 settlement agreement between the Joint Applicants 6 and the Department of Commerce. Specifically the -- 7 page 4 of the settlement agreement that addresses 8 interconnection agreements and the extension of 9 those agreements. Do you have that with you? 10 A Yes, I do. I've got it right here. 11 Q I believe I asked Ms. Wells yesterday -- she didn't 12 know the answer, so I'll ask you. Do you know how 13 many CLECs fall under each of the categories there 14 at the top of the page? There is a 1, 2, and 3 that 15 show the different extension periods. 16 A I have an approximation of what those numbers are, 17 based on some analysis that was done last evening 18 when you asked that question. 19 Q And what are -- 20 A Approximately -- 21 Q -- those approximations? 22 A Approximately 60 percent of our agreements fall in 23 category 1, Qwest agreements, approximately 38 to 24 39 percent fall in category 2, and probably less 25 than one percent fall in category 3. Actually,</p>

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<p>1 category 3 is just a handful of agreements that are 2 very, very old. 3 Q Okay. Now, of the intervening CLECs that are 4 participating in this proceeding, do you know where 5 those companies individually fall under? 6 A No, I do not have that knowledge as I sit here 7 today, no. 8 Q Now, you mentioned earlier that you were here when 9 Ms. Wells testified yesterday. And one of the 10 things that I talked about with her was Level 3 11 interconnection agreement and the fact that it's 12 been in evergreen since 2005. Were you in the room 13 for that? 14 A Yes. 15 Q Now, would you agree with me that it's reasonable to 16 assume that Qwest and Level 3 continue to exchange 17 traffic pursuant to that agreement? 18 A Yes. 19 Q Do you know of any interconnection-related disputes 20 that Level 3 has or may have brought to the 21 Minnesota Commission in the past two years? 22 A I'm not aware of those, no. 23 Q Do you -- are you aware of any 24 interconnection-related complaints Qwest may have 25 brought to the Minnesota Commission with respect to</p>	<p>1 A Certainly I can tell you what our thought process 2 was there. First off, when we look at an 3 interconnection agreement negotiation, typically 4 those are three-year contracts. And so we agreed to 5 take that -- and that's an agreement between the 6 CLECs and the ILEC. So that constitutes where we 7 came up with the 36 months in the first category. 8 The three-year period, if they've been 9 expired less than three years, the TRR -- it's my 10 understanding that the TRRO order was issued in 11 2005, which a three-year contract would have ran 12 those through 2008. And that would be the term -- 13 the termination -- first possible point of 14 termination of those agreements at the end of -- in 15 2008. And so we were looking for an additional 16 three-year extension or three years would push that 17 through 2011. So if they've been expired less than 18 three years, it would bring an agreement that was 19 basically signed after the TRRO order, and that's 20 where we came up with 36 months. 21 The 24 months, even though they have 22 amendments, those are older contracts, contracts 23 that would have been entered into pre-2005. There's 24 a lot of operational parameters, is my 25 understanding, that's embodied within the Qwest</p>
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<p>1 its interconnection agreement with Level 3? 2 A No, I'm not. 3 Q Now, would it be fair to say that interconnection 4 agreements that are in evergreen status can be 5 amended by the parties to the agreement? 6 A Certainly -- certainly they can be amended, yes. 7 Q So is that one of the -- is it fair to say that 8 Sections 2 and 3 on page 4 that discuss the TRRO 9 language, I mean, that's, in fact, referring to an 10 amendment to agreements, correct? 11 A It's my understanding that those are amendments to 12 agreements, yes, in those particular cases. I think 13 some of the ones that are newer and have not 14 expired, they have them actually embodied within the 15 agreement. 16 Q Now, would you agree with me that an interconnection 17 agreement typically has language that allows either 18 party to terminate such agreement? 19 A Yes, there is termination time periods in the actual 20 agreement. 21 Q Now, how did you come up with the -- with the 22 timelines, extending some agreements for 36 months 23 versus others for 24? Now I'm going to stick to 24 those since you said very few actually fall into the 25 third category.</p>	<p>1 contracts as well as some of the amendments that 2 have been placed on those. And so in order to start 3 bringing those into conformance with current 4 agreements, we chose a later time -- a shorter time 5 period, that being 24 months. 6 Q Well, let's talk about those latter agreements that 7 are only extended for 24 months. You've already -- 8 you've already agreed that in a typical 9 interconnection agreement either party has the right 10 to terminate an agreement, correct? 11 A Correct. 12 Q So even if those agreements that are allegedly 13 older, if Qwest felt that it was inadequate for its 14 needs, it could terminate that agreement, correct? 15 A It could have already terminated it. It could 16 terminate it tomorrow. It could terminate it at any 17 point in time. 18 Q So let's go back to the Level 3 agreement. They've 19 been -- that agreement's been in evergreen since 20 2005, so they -- they'd fall into that second 21 bucket. I mean, it can only being extended 22 24 months. 23 A That's my understanding. I guess those would have 24 been signed in a 2002 time frame, you know, almost 25 eight years ago.</p>

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<p>1 Q And that's even though neither party has moved to 2 terminate the Level 3 agreement; would you agree 3 with me there? 4 A That is correct. 5 Q And the agreement is subject to amendment. So if 6 there's issues that Qwest wants to bring up with 7 Level 3, that agreement can be amended, correct? 8 A It could be amended by mutual consent of both 9 parties. 10 Q And, yet, I mean, effectively Level 3 is being 11 penalized for having an agreement older than the 12 three years, yet nobody's raised an issue with that. 13 Qwest hasn't raised an issue with the agreement. 14 Qwest hasn't moved to expire -- to terminate the 15 agreement, and yet Level 3 cannot have the benefit 16 of the 36 months pursuant to that settlement 17 proposal? 18 A I wouldn't characterize it as penalized. I think, 19 you know, we've created a breakpoint here that we 20 think is reasonable. We think that, you know, the 21 24 months -- this does not require us to terminate 22 that agreement at 24 months. It could continue on. 23 It just says we don't have the right to terminate it 24 for 24 months. And so we're trying to make sure 25 that we don't give up any rights that we have today,</p>	<p>1 negotiate state-specific, we will do that, but it 2 won't necessarily be on the same terms and 3 conditions. 4 Q Well, did you reach out to CLECs and ask -- or 5 talk -- ask CLECs to discuss the settlement that you 6 reached with the Department of Commerce? 7 A Not specifically this settlement, no. 8 Q So it's fair to say that you didn't reach out to 9 Level 3 and ask them what they thought about the 10 proposed conditions on extension of the 11 interconnection agreements? 12 A I personally have had numerous discussions with 13 Level 3 in the past, at least three, maybe four, 14 concerning their concerns and what -- if there's 15 something that they'd like to put on the table to 16 settle these issues, and we have not been able to 17 reach agreement. 18 Q But have you -- did you reach out to them regarding 19 this specific settlement? 20 A Not this specific settlement, no. 21 Q I'd like to turn your attention to page 30 of your 22 rebuttal testimony. There beginning on line 12 you 23 talk about traffic pumping and that -- you don't 24 mention a condition number, but effectively that's 25 condition -- Level 3's condition 3. And let me see</p>
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<p>1 but under the agreement we're willing to give up our 2 legal right for a 24-month period. 3 Q But, nevertheless -- maybe Level 3's not penalized. 4 But, however, pursuant to that settlement, Level 3's 5 interconnection agreement with Qwest can only be 6 extended 24 months and not 36, correct? 7 A Again, I wouldn't say it's not going to be extended 8 for 36. We just can't terminate that until 9 24 months. 10 Q So Level -- Level 3 doesn't have a guarantee for 11 36 months; they have a guarantee that it won't be 12 terminated for 24 months? 13 A That's one way of saying it, yes. 14 Q Now, when Ms. Wells testified yesterday, she 15 mentioned that -- I believe she said Qwest and 16 CenturyLink had reached out to CLECs regarding a 17 proposed settlement. Do you recall that? 18 A Yes. 19 Q Now, was that reaching out to CLECs regarding the 20 specific settlement we have before us in this 21 proceeding or was that a generic global settlement 22 that you're referring to? 23 A You know, I think that we have done both. We have 24 told CLECs if they want a national settlement, we're 25 more than willing to do that. If they want to</p>	<p>1 if I can paraphrase that condition. Effectively it 2 asks the Commission to take steps to prevent the 3 combined entity from arbitraging the rural CLEC 4 exception to circumvent the CLEC access rate cap. 5 Would that be a fair understanding? 6 A Yes. 7 Q Now, where a CenturyLink ILEC and Qwest have 8 adjoining exchanges, would you agree that there's 9 nothing in -- that would prohibit a combined company 10 from setting up a CenturyLink CLEC affiliate in the 11 Qwest serving area? 12 A You know, I don't know specific Minnesota state law, 13 so I don't know what the rules and regulations are 14 around setting a CLEC up in a subsid -- in an 15 affiliate ILEC territory. Some states allow it. 16 Some states don't. 17 Q Could you turn to page 53 of your rebuttal 18 testimony? There beginning at line 10 you start 19 discussing Level 3's condition 6, which effectively 20 prohibits combined entity -- the combined entity 21 from using a billing dispute with one affiliate to 22 affect services from another CenturyLink affiliate. 23 Do you know if CenturyLink's interconnection 24 agreements have contract language that prohibit that 25 kind of behavior?</p>

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<p>1 additional concerns about the conditions? 2 A Well, I think, as I expressed in my testimony, we 3 just believe that a lot of those are not necessary. 4 They already have under federal law, state law, and 5 interconnection agreements, and we don't need to 6 just put that in the settlement agreement. 7 MS. MASTERTON: Thank you, Mr. Hunsucker 8 Your Honor, that's all I have. 9 JUDGE NEILSON: Okay. Further cross? 10 MR. MERZ: I did have -- 11 JUDGE NEILSON: Mr. Merz. 12 MR. MERZ: -- just a few items I would 13 like to follow up on, Your Honor. 14 RE-CROSS-EXAMINATION 15 BY MR. MERZ: 16 Q In questioning by Mr. Halm, I believe it was, you 17 mentioned reaching out to Integra and some other 18 CLECs regarding the possibility of settlement. Do 19 you recall that? 20 A Yes. 21 Q And you met with Integra, as I understand it; is 22 that right? 23 A That's correct. 24 Q That's a meeting that took place in Integra's 25 offices in Portland?</p>	<p>1 hear their concerns and their issues with the merger 2 and that we would be more than willing to work with 3 them on trying to resolve those, but that specific 4 meeting was not to negotiate a settlement. 5 Q And that's what you told them at the very beginning 6 of that meeting; isn't that right? 7 A That's -- yes. 8 Q In response to Mr. Pena I believe you referred to 9 some multistate negotiations. Do you recall that? 10 A Yes. 11 Q And you're aware, are you not, sir, that the CLECs 12 have, in fact, relatively recently proposed 13 multistate, multientity negotiations? 14 A That's correct. 15 Q And you're aware that CenturyLink has refused to 16 engage in those negotiations, correct? 17 A Well, let me say what -- the ground rules were being 18 laid by the CLECs for those multistate negotiations. 19 There were certain conditions they said they had to 20 have before they would agree to meet with us. And, 21 you know, in our mind that's not the way you start a 22 negotiation, by trying to adopt and lay ground rules 23 and adopt certain conditions up front before you 24 agree to meet with us. So, yes, we did decline. 25 Q What were the ground rules that you found</p>
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<p>1 A That's correct. 2 Q And did that happen when you happened to be in town 3 for a technical conference with the Oregon 4 Commission? 5 A It wasn't the Oregon Commission. It was the 6 Washington Commission. 7 Q Washington Commission? 8 A So we weren't really in Portland. 9 Q You -- who did you meet with at that time? 10 A At that time -- I'm sure I can't recall everyone's 11 name that was there. I know Ms. Karen Clauson was 12 there. I know that Jeff Oxley was there. Doug 13 Denney was there. You asked me who at Integra was 14 there? 15 Q Yes. 16 A That's the question -- I want to make sure I'm 17 answering -- 18 Q Yeah. 19 A -- the right question. I think they had one of 20 their network folks, sales folks. I don't recall 21 exactly all the names that were in the room. 22 Q And do you recall saying at that time that you were 23 not there to negotiate a settlement? 24 A We -- we said that we were not in that specific 25 meeting to negotiate a settlement, but we wanted to</p>	<p>1 objectionable? 2 A I don't recall. I was not part of that discussion. 3 That was held by our regulatory vice president and 4 vice chairman of the company. 5 Q Did whoever that was tell you what the objectionable 6 ground rules were? 7 A I don't recall that he specifically told me. 8 Q Didn't you -- 9 A I know that he talked to Mr. Cheek. 10 Q Didn't you wonder what it might be that would derail 11 these negotiations? 12 A Sure, I wondered. 13 Q But you didn't ask? 14 A I didn't ask. I've been working on getting ready 15 for this hearing. 16 Q Mr. Pena also asked you some questions about the 17 extension provisions in the settlement agreement. 18 Maybe you could turn to that. 19 A Sure. 20 Q And I'm looking specifically at page 4. And I 21 believe you told us that somewhere in the 22 neighborhood of 38 to 39 percent of the Minnesota 23 agreements between Qwest and CLECs fell within the 24 number 2 category, the 24-month extension; is that 25 right?</p>

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<p>1 A Yes, that's correct.</p> <p>2 Q Now, in calculating that percentage, did you include</p> <p>3 all agreements with any TRRO language or only those</p> <p>4 with Qwest TRRO language?</p> <p>5 A Yeah, let me explain this particular condition.</p> <p>6 This is -- we counted all TRRO amendments. This</p> <p>7 condition was not written that it had to be the</p> <p>8 Qwest language or nothing. This condition was</p> <p>9 written was the Qwest amendment, did it have a TRRO</p> <p>10 amendment. Could have been a negotiated language.</p> <p>11 It's not just the adoption of the Qwest language.</p> <p>12 So it was any contract that had a TRRO amendment.</p> <p>13 Q All right. And so you would have included -- you're</p> <p>14 aware that there are in Minnesota agreements that</p> <p>15 include TRRO language that is not Qwest's TRRO</p> <p>16 language?</p> <p>17 A Yes.</p> <p>18 Q And it's your view that it was the intent of this</p> <p>19 agreement that those agreements would be included in</p> <p>20 the 24-month extension category; is that correct?</p> <p>21 A If -- if the agreement was expired more than three</p> <p>22 years, yes. If it was expired less than three</p> <p>23 years, then it would fall in category 1.</p> <p>24 Q And so would it be fair to say that that is a way in</p> <p>25 which you believe the language of this agreement</p>	<p>1 refresh ourselves, condition 2 is the one that talks</p> <p>2 about recovery of increased -- recovery of</p> <p>3 transaction-related costs through increased</p> <p>4 wholesale rates. Do you recall that?</p> <p>5 A Yes.</p> <p>6 Q And as I recall it, one of the concerns that you</p> <p>7 expressed was that there might be changes that would</p> <p>8 be implemented as the result of the transaction that</p> <p>9 might impose costs on CLECs that CLECs might then</p> <p>10 try to recover from CenturyLink. Did I get that</p> <p>11 right?</p> <p>12 A That -- that's correct. But I think, as I just said</p> <p>13 a minute ago to some redirect, we just don't believe</p> <p>14 that condition's needed. We're not going to be able</p> <p>15 to do that anyway.</p> <p>16 Q I appreciate that. So you're saying now that there</p> <p>17 aren't any -- there's nothing that CenturyLink can</p> <p>18 do that would impose costs on CLECs; is that</p> <p>19 correct?</p> <p>20 A Yes.</p> <p>21 Q And so the concern about the CLECs holding --</p> <p>22 attempting to hold CenturyLink harmless for the</p> <p>23 CLECs' increased costs, that's not a concern that</p> <p>24 would apply to condition number 2; is that correct?</p> <p>25 A No, it is a concern that I have with condition</p>
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<p>1 does not reflect the intent of the parties?</p> <p>2 A I'm not sure I understand your question.</p> <p>3 Q Well, this language refers specifically to Qwest's</p> <p>4 TRRO language. And I understand you to be saying</p> <p>5 that was not the intent, to limit the application of</p> <p>6 the extension provision in that way?</p> <p>7 A It was Qwest's agreed-to TRRO language. So it may</p> <p>8 not be the same in every agreement.</p> <p>9 Q Well, when you say Qwest's agreed-to TRRO language,</p> <p>10 you're including, though, any TRRO language that's</p> <p>11 included in an ICA agreement?</p> <p>12 A Yes.</p> <p>13 Q All right. And so just to get back to my original</p> <p>14 question, is that a way in which this written</p> <p>15 agreement does not in your mind, as you understand</p> <p>16 it, reflect the intent of the parties?</p> <p>17 A I believe it still reflects the intent of the</p> <p>18 parties. That's just more description of what the</p> <p>19 intent was.</p> <p>20 Q And it's not a description that you would actually</p> <p>21 find by looking at the language of the agreement?</p> <p>22 A You know, when I read it, that's the way I read it.</p> <p>23 But obviously everybody can read it their own way.</p> <p>24 Q And then finally, I believe in discussion with</p> <p>25 Mr. Lipschultz regarding condition 2 -- and just to</p>	<p>1 number 2.</p> <p>2 Q Okay. So I'm misunderstanding your answer. Do you</p> <p>3 believe that the -- that one of the problems with</p> <p>4 condition number 2 is that it might allow CLECs to</p> <p>5 attempt to recover costs that are imposed on them as</p> <p>6 a result of this merger?</p> <p>7 A From -- from the ILEC, yes.</p> <p>8 Q Okay. And the ILEC being CenturyLink?</p> <p>9 A Qwest or CenturyLink or Century, yeah.</p> <p>10 Q So describe for me the costs that you believe might</p> <p>11 be imposed on CLECs as a result of this merger that</p> <p>12 CLECs might then turn around and try to recover</p> <p>13 pursuant to condition number 2?</p> <p>14 A Well, you know, let's assume -- and it's an</p> <p>15 assumption, hypothetical -- we move from the Qwest</p> <p>16 system to the EASE system, there may be costs that a</p> <p>17 CLEC incurs to -- internal costs to move to that</p> <p>18 system. I want to make sure they're not going to</p> <p>19 come back to me and ask me to pay those costs.</p> <p>20 Q And, in fact, you would actually expect that if you</p> <p>21 moved to the EASE system, that's going to require</p> <p>22 CLECs to incur their own internal costs, correct?</p> <p>23 A Just to the extent that they're using the Qwest</p> <p>24 system today and move to the EASE system. But if I</p> <p>25 have customers, CLECs in the southeast who only use</p>

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<p>1 EASE, if I go the other direction, they have a cost. 2 Q But my client, Integra, uses Qwest's systems, and 3 you would acknowledge that they have a significant 4 investment internally in using those Qwest systems? 5 A They use it predominantly. I'm not -- I'm not sure 6 whether they use the EASE system in Nevada or not 7 with their Electric Lightwave affiliate. 8 Q But you would acknowledge that Integra has a 9 significant investment internally that it's made in 10 order to access the Qwest systems? 11 A There's certain costs they have, yes. 12 Q Okay. And if it were the case that the Qwest OSS 13 were -- were replaced with CenturyLink OSS, that 14 would impose a cost on Integra? 15 A It -- it could to the extent that they have to incur 16 costs. I mean, our system is also UOM compliant, 17 universal ordering module compliant, now. So, you 18 know, I don't have enough knowledge to understand if 19 they move from one UOM to the other UOM and it's 20 industry standard, is there a cost or not. I think 21 there's a possibility there could be, but I don't 22 have enough experience to sit here and confirm that. 23 Q And nor, it sounds like, do you have enough 24 experience to say there wouldn't be a cost? 25 A Correct.</p>	<p>1 Q -- really trying to clarify for the record now. 2 A Okay. 3 Q Have you had settlement discussions with Popp.com -- 4 A No. 5 Q -- regarding this merger? Have you contacted any 6 representative of Popp.com to ask them if they're 7 interested in negotiating settlement of this merger? 8 A No, I have not. 9 Q And I'm going to ask that same question, and I'll 10 name all the CLECs, and you tell me whether any of 11 those CLECs negotiated with you or whether you've 12 reached out to any of them to seek negotiations. 13 OrbitCom? 14 A No. 15 Q TDS Metrocom? 16 A No. 17 Q TW Telecom? 18 A Yes. 19 Q And where was that? 20 A Mr. Cheek met with him this morning. 21 Q Just this morning. 22 A And we have had other -- I had other conversations 23 with one of their employees at one of their charity 24 events that they had a few weeks ago. 25 Q Who did he speak with this morning?</p>
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<p>1 MR. MERZ: I have nothing further. Thank 2 you. 3 JUDGE NEILSON: Mr. Lipschultz. 4 MR. LIPSCHULTZ: Your Honor, just a few 5 questions. 6 RECROSS-EXAMINATION 7 BY MR. LIPSCHULTZ: 8 Q Mr. Hunsucker, do you recall your conversation a few 9 minutes ago with Mr. Bailey generally? 10 A Yes. 11 Q And he was asking you about the ICA extension 12 provision in the Joint Petitioners' settlement with 13 the Department of Commerce. Do you recall that? 14 A Yes, I do. 15 Q And in responding to one of Mr. Bailey's questions, 16 you stated that other parties believe that 17 settlement with the Department is in the public 18 interest. I noted you used the plural, parties. Is 19 there any other party in this proceeding other than 20 the Department of Commerce who negotiated or signed 21 that agreement? 22 A No. No, there's not. And if I used the term 23 parties, it was unintentional. 24 Q And I thought so. Just -- 25 A Okay.</p>	<p>1 A I think he was meeting with Paul Jones and others. 2 I don't recall who all was in the meeting. 3 Q Do you know what transpired or -- at that meeting 4 this morning? 5 A No, I've been sitting here in this chair too long. 6 Q Do you know whether they were... 7 MR. MERZ: Shall we take a break? 8 THE WITNESS: Sorry about that. 9 BY MR. LIPSCHULTZ: 10 Q A little levity late in the day is a good thing. 11 A Yeah. 12 Q How about Charter? 13 A No, I don't believe we have reached out to Charter. 14 Q CBeyond? 15 A No. 16 Q Level 3? 17 A Yes. 18 Q And when was that? 19 A Several weeks ago we were in meetings with Level 3, 20 and I've had multiple conversations with one of 21 their account executives. 22 Q You can't tell me anything then about exactly what 23 was involved in the reach-out to TW Telecom, can 24 you? 25 A To TW Telecom? You know, Mr. Cheek made a personal</p>

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<p>1 visit out there -- he left last night -- to meet 2 with them to talk about our relationship and about 3 this proceeding and what their issues were, concerns 4 were, and what we could do to resolve those. 5 Q Mr. Hunsucker, this may be a difficult question to 6 answer, but you know that TW Telecom, along with all 7 the other CLECs I mentioned, have been intervening 8 parties in this proceeding for a number of months. 9 And I'm just wondering why it wasn't until this 10 morning that there was a reach-out to one of those 11 CLECs when, in fact, you had detailed negotiations 12 with the Department of Commerce about the merger in 13 this case? 14 A And I don't know that I have a good answer for that. 15 I mean, we've talked to some carriers, and we just 16 don't have the time to get to every carrier. That 17 is not an oversight on our part. We would love to 18 talk with everyone. But, you know, when we're 19 dealing with the current integration, this merger 20 proceeding, and all the proceedings going around the 21 country, including prepare testimony, discovery 22 responses, et cetera, time doesn't permit us to get 23 to everyone. 24 Q And I understand that, Mr. Hunsucker. Your 25 testimony today is that you've had a reach-out with</p>	<p>1 Q Anyone else? 2 A 360networks. We have been able to reach a national 3 settlement with 360networks. They are in the 4 process of withdrawing -- filing to withdraw 5 everywhere. So there are other CLECs that we've 6 reached out to. 7 MR. LIPSCHULTZ: Nothing further. 8 JUDGE NEILSON: Further questions? 9 Mr. Pena? 10 MR. PENA: I have a couple. 11 JUDGE NEILSON: Okay. 12 RECROSS-EXAMINATION 13 BY MR. PENA: 14 Q You mentioned from questions from Mr. Lipschultz you 15 met with Level 3 several weeks ago. 16 A Um-hum. 17 Q And Ms. Wells testified yesterday that you first 18 approached -- or not you, but the Joint Applicants 19 first approached the Department regarding a 20 settlement I believe it was a couple weeks ago. She 21 gave a date. I don't recall the date. 22 Mid-September, if I remember right. Now, when you 23 say you met with Level 3 several weeks ago, was that 24 to discuss this settlement agreement with the 25 Department of Commerce?</p>
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<p>1 only maybe two of the seven CLECs I mentioned who 2 are intervening in this case, TW Telecom and 3 Level 3. And I know you can't get to all, but I'm 4 still curious why you didn't -- or maybe you did -- 5 in your negotiations with the Department bring in 6 the other CLEC intervenors in this case to have 7 comprehensive discussions so you could resolve all 8 of these issues at the same time on a common 9 platform. 10 A Well, you know, we did reach out to some other 11 carriers when we went through the Iowa process. I 12 think those were named as part of the agreement that 13 we reached. 14 Q Well, let me ask you which -- 15 A We had those discussions. 16 Q Excuse me. 17 A Sorry. 18 Q What CLECs in Iowa are CLEC intervening parties in 19 this case in Minnesota? 20 A Sprint. 21 Q Any others? 22 A I don't know if PAETEC. McLeod intervened here. 23 Q PAETEC did. 24 A Okay. They were one of the parties to that 25 agreement.</p>	<p>1 A No. It was to discuss with Level 3 what their 2 concerns were and what they would represent as terms 3 that they would want to reach settlement with us on. 4 Q So it wasn't on this agreement? 5 A It wasn't on that particular agreement, no. 6 Q Now, you were asked a question by Mr. Bailey 7 regarding Section 6 of the settlement agreement, and 8 you gave your interpretation of that clause. Do you 9 recall that? 10 A Yes. 11 Q Now, as you know, one of the disputes or one of the 12 conditions that Level 3's raised is compensation for 13 ISP-bound traffic, this provision using virtual NXS 14 codes? 15 A Correct. 16 Q Do you recall that? Now, if the FCC determines that 17 that traffic is subject to reciprocal compensation, 18 what would that FC -- what would that FCC decision 19 mean pursuant to that Section 6 you have here? 20 A It -- it wouldn't mean anything. I mean, what this 21 is dealing with is the FCC merger order and its 22 application in Minnesota to the extent that they 23 issue or require conditions that apply to all CLECs 24 nationally. 25 Q Okay. So if the FCC in its merger order decided</p>

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<p style="text-align: center;">PUBLIC - CONTAINS NO TRADE SECRET                  EVIDENTIARY HEARING - VOLUME 3 - OCTOBER 7, 2010                  BEFORE THE OFFICE OF ADMINISTRATIVE HEARINGS                  OF THE STATE OF MINNESOTA</p> <p>In the Matter of the Joint Petition for Approval of                  Indirect Transfer of Control of Qwest Operating Companies                  to CenturyLink</p> <p style="text-align: center;">PUC DOCKET NO: P421,et.al./PA-10-456                  OAH DOCKET NO: 11-2500-21391-2</p> <p style="text-align: center;">Met, pursuant to notice, at 9:00 in the                  morning on October 7, 2010.</p> <p>BEFORE: Barbara Neilson, ALJ                  REPORTER: Janet Shaddix Elling, RPR</p>	<p>1 THOMAS BAILEY, Attorney at Law, Briggs                  2 and Morgan, 80 South Eighth Street, Suite 2200,                  3 Minneapolis, Minnesota 55402, appeared for and on                  4 behalf of Sprint, T-Mobile, and CBeyond.                  5 GREGORY R. MERZ, Attorney at Law, Gray                  6 Plant Mooty, 80 South Eighth Street, Suite 500,                  7 Minneapolis, Minnesota 55402, appeared for and on                  8 behalf of Integra and Velocity Telephone.                  9 K.C. HALM, Attorney at Law, Davis Wright                  10 Tremaine, LLP, 1919 Pennsylvania Avenue NW,                  11 Suite 800, Washington D.C. 20006, appeared for and                  12 on behalf of Charter Fiberlink.                  13 ROGELIO PENA, Attorney at Law,                  14 Pena &amp; Associates, 4845 Pearl East Circle, Suite                  15 101, Boulder, Colorado, 80301, appeared for and on                  16 behalf of Level 3.                  17 JULIA ANDERSON, Assistant Attorney                  18 General, 445 Minnesota Street, Suite 1400, St. Paul,                  19 Minnesota 55101, appeared for and on behalf of the                  20 Minnesota Department of Commerce.                  21 PUC STAFF:                  22 Kevin O'Grady                  23 Marc Fournier                  24                  25</p>																																																																																														
Page 2	Page 4																																																																																														
<p>1 APPEARANCES:</p> <p>2 MICHAEL AHERN, Attorney at Law, Dorsey &amp;                  3 Whitney, 50 South Sixth Street, Suite 1500,                  4 Minneapolis, Minnesota 55402 and SUSAN MASTERTON,                  5 Attorney at Law, 315 South Calhoun Street, Suite                  6 500, Tallahassee, Florida 32301, appeared for and on                  7 behalf of CenturyLink.                  8 JASON TOPP, Attorney at Law, 200 South                  9 Fifth Street, Room 2200, Minneapolis, Minnesota                  10 55402, appeared for and on behalf of Qwest                  11 Communications.                  12 SCOTT J. RUBIN, Attorney at Law,                  13 333 Oak Lane, Bloomsburg, Pennsylvania 17815-2036,                  14 and CRISTINA PARRA HERRERA, Attorney at Law,                  15 Gregg M. Corwin &amp; Associates, 1660 South Highway                  16 100, Suite 508E, St. Louis Park, Minnesota 55416,                  17 appeared for and on behalf of the Communications                  18 Workers of America.                  19 DAN LIPSCHULTZ, Attorney at Law, Moss &amp;                  20 Barnett, 90 South Seventh Street, Suite 4800,                  21 Minneapolis, Minnesota 55402, appeared for and on                  22 behalf of the CLEC Coalition.                  23                  24                  25</p>	<p>1 INDEX - VOLUME 3</p> <table border="0"> <thead> <tr> <th style="text-align: left;">WITNESS</th> <th style="text-align: right;">PAGE</th> </tr> </thead> <tbody> <tr><td>2 ROBERT BRIGHAM</td><td style="text-align: right;">11</td></tr> <tr><td>3 Direct Examination by Mr. Topp</td><td style="text-align: right;">12</td></tr> <tr><td>4 Cross-Examination by Mr. Bailey</td><td style="text-align: right;">20</td></tr> <tr><td>5 MARK GAST</td><td style="text-align: right;">21</td></tr> <tr><td>6 Direct Examination by Mr. Ahern</td><td style="text-align: right;">22</td></tr> <tr><td>7 Cross-Examination by Mr. Rubin</td><td style="text-align: right;">25</td></tr> <tr><td>8 Cross-Examination by Mr. Bailey</td><td style="text-align: right;">30</td></tr> <tr><td>9 Redirect Examination by Mr. Ahern</td><td style="text-align: right;">31</td></tr> <tr><td>10 TIMOTHY GATES</td><td style="text-align: right;">34</td></tr> <tr><td>11 Direct Examination by Mr. Lipschultz</td><td style="text-align: right;">35</td></tr> <tr><td>12 Cross-Examination by Mr. Topp</td><td style="text-align: right;">41</td></tr> <tr><td>13 Examination by Dr. O'Grady</td><td style="text-align: right;">70</td></tr> <tr><td>14 Redirect Examination by Mr. Lipschultz</td><td style="text-align: right;">71</td></tr> <tr><td>15 Redirect Examination by Mr. Halm</td><td style="text-align: right;">77</td></tr> <tr><td>16 AUGUST ANKUM</td><td style="text-align: right;">79</td></tr> <tr><td>17 Direct Examination by Mr. Lipschultz</td><td style="text-align: right;">79</td></tr> <tr><td>18 Cross-Examination by Ms. Masterton</td><td style="text-align: right;">89</td></tr> <tr><td>19 Redirect Examination by Mr. Lipschultz</td><td style="text-align: right;">100</td></tr> <tr><td>20 Recross-Examination by Ms. Masterton</td><td style="text-align: right;">102</td></tr> <tr><td>21 DOUGLAS DENNEY</td><td style="text-align: right;">104</td></tr> <tr><td>22 Direct Examination by Mr. Merz</td><td style="text-align: right;">105</td></tr> <tr><td>23 Cross-Examination by Mr. Topp</td><td style="text-align: right;">111</td></tr> <tr><td>24 Redirect Examination by Mr. Merz</td><td style="text-align: right;">124</td></tr> <tr><td>25 Examination by Mr. Fournier</td><td style="text-align: right;">125</td></tr> <tr><td>BONNIE JOHNSON</td><td style="text-align: right;">127</td></tr> <tr><td>Direct Examination by Mr. Merz</td><td style="text-align: right;">127</td></tr> <tr><td>Cross-Examination by Mr. Topp</td><td style="text-align: right;">132</td></tr> <tr><td>BILLY H. 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1	66B CenturyLink and Qwest Responses to Sprint IR 13, Attachment Sprint-13, and Qwest Response to Sprint IR 13, Attachment A, Trade Secret	161 165 165	1	JUDGE NEILSON: Good morning. We're here	
2			2	for our third day of hearing In the Matter of the	
3			3	Joint Petition for Approval of a Direct Transfer of	
4			4	Control of the Qwest Operating Companies to	
5	67A CenturyLink and Qwest Responses to Sprint IR 14, Public	161 165 165	5	CenturyLink.	
6			6	And I understand just as a preliminary	
7	67B CenturyLink Response to Sprint IR 14, Attachment Sprint-14, and Qwest Response to Sprint IR 14, Attachment A, Trade Secret	161 165 165	7	matter that it sounds like some people in the room	
8			8	might have to step out for something on the PUC	
9			9	agenda this morning around 10:30, so we'll try to	
10	68 CenturyLink and Qwest Responses to Sprint IR 32	161 165 165	10	take our break at the time that we learn that that's	
11	69 CenturyLink and Qwest Responses to Sprint IR 33, Public	161 165 165	11	happening. We'll take a break in any case around	
12			12	10:30, but we can certainly accommodate you if you	
13	70 CenturyLink and Qwest Responses to Sprint IR 34, Public	161 165 165	13	need to leave for a moment.	
14			14	Okay. Did Joint Petitioners wish to call	
15	71A Sprint's Response to Qwest and CenturyLink IR 14, Public	177 181 181	15	their next witness?	
16			16	MR. TOPP: Yes. Joint Petitioners call	
17	71B Sprint's Response to Qwest and CenturyLink IR 14, Trade Secret	177 181 181	17	Robert Brigham.	
18			18	(Exhibit 21 marked.)	
19	72A T-Mobile's Response to Qwest and CenturyLink IR 14, Public	177 181 181	19	ROBERT BRIGHAM,	
20			20	after having been first duly sworn, was	
21	72B T-Mobile's Response to Qwest and CenturyLink IR 14, Trade Secret	177 181 181	21	examined and testified on his oath as follows:	
22			22	JUDGE NEILSON: Please be seated. Can I	
23	73 Jasper Gurganus Direct Testimony	186 188 188	23	have you state and spell your name, please, for the	
24			24	record?	
25	74 Jasper Gurganus Surrebuttal Testimony	186 188 188	25	THE WITNESS: Yes. My name is Robert H.	
Page 10			Page 12		
1	75 Randy Barber Direct Testimony, Public	190 193 193	1	Brigham. R-O-B-E-R-T, H, and the last name is	
2			2	spelled B-R-I-G-H-A-M.	
3	76 Randy Barber Direct Testimony, Trade Secret	190 193 193	3	JUDGE NEILSON: You may proceed.	
4	77 Randy Barber Surrebuttal Testimony, Public	190 193 193	4	DIRECT EXAMINATION	
5			5	BY MR. TOPP:	
6	78 Randy Barber Surrebuttal Testimony, Trade Secret	190 193 193	6	Q Hello, Mr. Brigham. Could you give us your position	
7	79A Overview: WUTC Technical Conference, Dated September 9th, 2010, Public	194 196 196	7	with Qwest Corporation?	
8			8	A Yes. I am a staff director within the public policy	
9	79B Overview: WUTC Technical Conference, Dated September 9th, 2010, Trade Secret	194 196 196	9	organization within Qwest Corporation.	
10			10	Q And what are your responsibilities?	
11			11	A My responsibilities relate to regulatory issues,	
12			12	primarily I work on issues related to alternative	
13			13	forms of regulation, competitive issues. I also	
14			14	work on legislative issues regarding potential	
15			15	deregulation and changes in the way we are	
16			16	regulated.	
17			17	Q Have you prepared rebuttal testimony in connection	
18			18	with this proceeding?	
19			19	A I have.	
20			20	Q And is that in front of you and marked as	
21			21	Exhibit 21?	
22			22	A Yes.	
23			23	Q And do you have any changes to that testimony?	
24			24	A No, I do not.	
25			25	MR. TOPP: The Joint Petitioners would	

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<p>1 certainly apologize, but I only have two or three 2 questions, very limited redirect. 3 JUDGE NEILSON: Is there anyone else 4 among the other counsel who jointly sponsored this 5 witness who intends to ask any questions? 6 MR. PENA: No, Your Honor. 7 JUDGE NEILSON: Mr. Bailey? 8 MR. BAILEY: No, he's not our witness. 9 JUDGE NEILSON: Mr. Halm, I will allow 10 it. I understand it's unusual, and if it is 11 presumably fairly brief, you may proceed. 12 MR. HALM: Yes, it is. Thank you, Your 13 Honor. 14 REDIRECT EXAMINATION 15 BY MR. HALM: 16 Q Mr. Gates, was your recommendation to extend 17 interconnection agreements in Nebraska for at least 18 three years colored by the authority of the Nebraska 19 commission to approve transactions like this one? 20 A Yes, it was. And it was my understanding that that 21 proceeding was very limited. In fact, it was a 22 legislative type proceeding where all the 23 commissioners were present, but the witnesses got 24 up, we did prefile testimony, but we got up and we 25 weren't sworn, not that we weren't telling the</p>	<p>1 JUDGE NEILSON: Mr. Topp, recross? 2 MR. TOPP: No, Your Honor. 3 JUDGE NEILSON: All right. Thank you 4 very much. 5 THE WITNESS: Thank you. 6 (Witness excused.) 7 JUDGE NEILSON: Would the intervenors 8 like to call their next witness? 9 MR. LIPSCHULTZ: As our next witness the 10 Joint CLECs call August Ankum. 11 (Exhibits 31 and 32 marked.) 12 AUGUST ANKUM, 13 after having been first duly sworn, was 14 examined and testified on his oath as follows: 15 JUDGE NEILSON: Can I have you state and 16 spell your name, please? 17 THE WITNESS: My name is August H. Ankum, 18 A-N-K-U-M. 19 JUDGE NEILSON: Thank you. You may 20 proceed. 21 MR. LIPSCHULTZ: Thank you. 22 DIRECT EXAMINATION 23 BY MR. LIPSCHULTZ: 24 Q Good morning, Mr. Ankum. 25 A It's doctor to you --</p>
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<p>1 truth, but I'm just trying to characterize the 2 proceeding. And it was very limited because the 3 commission in Nebraska is not certain that it has 4 authority over the merger, especially one that 5 occurs at the holding company level. So it was 6 limited, it was different. 7 Q And the recommendation that you did make to the 8 Nebraska commission was that all interconnection 9 agreements should be extended for a period of at 10 least three years, or did you have -- did you 11 recommend a tiered approach where those 12 interconnection agreements that are in evergreen or 13 that do not have TRRO language would only get 14 limited extensions as is reflected in the DOC 15 settlement? 16 A I think the tiered approach would be discriminatory. 17 We recommended that all ICAs be extended equally. 18 MR. HALM: Thank you. No further 19 questions. 20 JUDGE NEILSON: Mr. Rubin, did you have 21 any questions? 22 MR. RUBIN: No, Your Honor. 23 JUDGE NEILSON: Okay. Anything further 24 from the PUC staff? 25 DR. O'GRADY: Nothing, Your Honor.</p>	<p>1 Q Dr. Ankum. 2 A -- Mr. Lipschultz. 3 MR. LIPSCHULTZ: Your Honor, I believe I 4 have a hostile witness. 5 BY MR. LIPSCHULTZ: 6 Q Dr. Ankum, did you prepare written testimony in this 7 proceeding? 8 A Yes, I did. 9 Q On whose behalf? 10 A What's collectively referred to as the Joint CLECs. 11 Q And do you have that testimony in front of you now 12 marked as Exhibits 31 and 32? 13 A Yes, I do. 14 Q And Exhibit 31 is your direct testimony in this 15 case? 16 A Yes. 17 Q And is Exhibit 32 your surrebuttal testimony? 18 A Yes. 19 Q Do you have any changes or corrections to that 20 testimony? 21 A No, I don't. 22 Q And if asked the same questions today as the 23 questions asked in your written testimony would your 24 answers be the same? 25 A Yes, they would.</p>