| In the Matter of: The | ) | Docket No.: |
| :--- | :--- | :--- |
| Joint Application of Qwest | ) | $10-049-16$ |
| Communications International, |  |  |
| Inc. and CenturyTel, Inc. |  |  |
| For Approval of Indirect. | ) |  |
| Transfer of Control of Qwest | ) |  |
| Corporation, Qwest |  |  |
| Communications Company, LLC, | ) | voLUME III OF III |
| and Qwest LD Corporation. | ) |  |

## TRANSCRIPT OF HEARING PROCEEDINGS

TAKEN AT: Public Service Commission 160 East 300 South
Salt Lake City, Utah
DATE:
November 4, 2010

## TIME:

9:02 a.m.
REPORTED BY: Kelly L. Wilburn, CSR, RPR

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## TIMOTHY GATES

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Cross by Ms. Schmid
Cross by Mr. Duarte
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## EXHIBITS

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JA-HC-Sup-R2 and attached exhibit

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## EXHIBITS, CONTINUED

No.
Joint CLECs Minnesota Stipulation and Nov. 4 Exh. 1 Agreement and Joint Motion For Approval of Stipulation and Agreement

JA-Sup-R3.2 Rough draft transcript from 581
Errata October 27, 2010, pages 17, 18, 40, 41, 57, 58, 60, 61. To replace incorrect pages submitted previously
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Applicants to the Utah Public Service Nov. 4 Exh. 1 Commission from Qwest, with attached Settlement Agreement and Stipulation of the Joint Applicants and the Utah Division of Public Utilities -000-

NOVEMBER 4, 2010 9:02 A.M.

PROCEEDINGS
CHAIRMAN BOYER: We're back on the record in Docket No. 10-049-16. In the Matter of the Joint Application of Qwest Communications International, Inc. and CenturyTel for Approval of Indirect Transfer of Control of Qwest Corporation, Qwest Communications Company, LLC, and Qwest LD Corporation.

We've reviewed the prehearing conference report and the proposed schedule. And we've also read all of the pleadings that were filed. The most recent several inches of pleadings. We understand that there is a little bit of business to take care of with respect to Mr. Oman's prefiled written testimony.

But let's first of all take appearances, and then we'll talk a little bit about the process -schedule. Let's just begin on the right and work our way across.

MR. ZARLING: Good morning, Commissioners. This is Kevin K. Zarling, representing CenturyLink.

MR. DUARTE: Good morning, your Honors. Alex Duarte from Qwest.

MS. SCHMID: Patricia Schmid, with the Attorney General's Office, on behalf of the Division of Public Utilities.

CHAIRMAN BOYER: Ms. Schmid.
MR. MERZ: Good morning, Commissioners. Greg Merz, representing the Joint CLECs. And I'm kind of a gang of one today, so if there's no objection Mr. Gates is gonna join me here at counsel table.

CHAIRMAN BOYER: No, that's fine. And is anyone on the telephone with us? Has anyone called in?

It seemed that we heard that Mr. Spann was going to, but then I just heard somebody say we won't need phones, one of our staffers, so. I guess they'll let us know if they wish to participate.

So we're generally fine with the report on the prehearing conference. However, we noticed that there is no time allocated for Commission questions. So we may just interrupt you and play through, as is our prerogative.

Are there any other preliminary matters we need to deal with before we address Mr. Coleman's written testimony?

MR. MERZ: Mr. Chair, I did have one issue that I wanted to raise.

CHAIRMAN BOYER: Or Mr. Oman, I guess it is. Yes, Mr. Merz.

MR. MERZ: In the testimony that was filed

Monday night an issue was raised by the Joint
Applicants regarding the lack of the attachment of the HSR documents that Mr. Gates refers to in his testimony to his testimony.

We were frankly surprised to see that as an issue because we've been fighting in a number of states about the confidentiality of that information. And we believed that it would be Joint Applicants' preference to minimize the extent to which those documents got filed, to minimize the extent to which they were circulated.

But in order to avoid any issue, we certainly have nothing to hide with respect to those documents or our -- the way in which we've used those documents. So our suggestion would be that the parties jointly supplement the record with the HSR documents that Mr. Gates relied on in his testimony -- or documents -- HSR documents that they may have relied on in their testimony.

MR. DUARTE: Your Honor?
CHAIRMAN BOYER: Mr. Duarte.
MR. DUARTE: Alex Duarte for Qwest. A couple things. It is true that those documents were documents that we opposed having to produce. However, once they were produced -- and certainly there's a
process in this Commission to file things under highly-confidential protections, and so that's exactly what we did.

So we were surprised that Mr. Gates, in his testimony, made references to documents that your Honors wouldn't even have to be able to look at. I mean, you don't have the documents so how could you be able to do that?

So that was our criticism. That after all that discussion and much ado about those documents they didn't even attach even the pages that were cited. Therefore, in Mr. Fenn's testimony we do, in fact, cite to pertinent pages that were cited.

We also offered in one of the footnotes to lodge all of those documents that were cited -- some of them are up to 140 pages long. We have them here if the Commissioners want to look at them. We can certainly lodge them with the Commission for, you know, to look at the entire pages -- the entire documents.

But nevertheless, we do have basically the cover page and the page that Mr. Gates cited in his testimony as highly confidential exhibits on pink paper, per the protective order that we filed with our testimony.

So I appreciate Mr. Merz's offer. I think your Honors have what you need. If you need the entire documents, even the pages that were not cited by Mr. Gates, we certainly have those available for you.
(Pause.)
CHAIRMAN BOYER: I mean, I think the excerpts that we've seen are -- give us the gist of what the documents say and what the complaints are, so I don't think we would require the entire documents.

MR. DUARTE: Thank you, your Honor.
MR. MERZ: Mr. Chair, I don't know that the excerpts -- I don't believe that every document that Mr. Gates has relied on has been produced in excerpted form -- has been filed in excerpted form.

CHAIRMAN BOYER: Well, why don't you supplement the file, then, with those pages that he is referring to in his testimony?

MR. MERZ: We can certainly do that.
CHAIRMAN BOYER: Great, thank you.
As to Mr. Oman's prefiled written testimony, Ms. Schmid?

MS. SCHMID: Thank you. At the prehearing conference we discussed whether or not it would be appropriate for Mr. Oman to appear. Because it
appeared the parties had no questions for him, with the Commission's permission we would just like to move Mr. Oman's testimony in the record and do what we've commonly called as "spread the testimony on the record."

CHAIRMAN BOYER: Are there any objections to the admission of Mr. Oman's prefiled written testimony?
(The parties respond in the negative.)
CHAIRMAN BOYER: It is admitted then.
(Clair Oman Direct Testimony and attached exhibit was admitted.)

CHAIRMAN BOYER: All right, let's turn to the first Division witness, Mr. Coleman.

Mr. Coleman, remind me. Have you been sworn in the -- we've had so many hearings I don't know who's in and who's out. Have you been sworn in this particular proceeding?

MR. COLEMAN: No, I have not.
(Mr. Coleman was sworn.)
CHAIRMAN BOYER: Thank you, please be seated.
Ms. Schmid?
MS. SCHMID: Thank you.
CHAIRMAN BOYER: And I guess we're gonna stick with these two-minute summaries, right?

MS. SCHMID: Yes, we are.
CHAIRMAN BOYER: Okay.
CASEY J. COLEMAN,
called as a witness, having been duly sworn, was examined and testified as follows:

## DIRECT EXAMINATION

BY MS. SCHMID:
Q. Mr. Coleman, could you please state your name, place of employment, and position for the record?
A. Yes. My name is Casey J. Coleman. I work for the Division of Public Utilities. And I -- what else did you want to know? I don't remember already.
Q. Your position with the Division?
A. Right. I'm the utility technical consultant.
Q. Did you cause to be prepared and filed what's been labelled as Exhibit No. CJC-1.0, your prefiled direct, with accompanying Exhibit -- DPU Exhibit No. CJC-1.2, 1.1R (sic), which is your rebuttal, with 1.1R, your exhibit, and then 2.OSR?
A. Yes.
Q. Thank you. Do you have any corrections or changes to those?
A. Yes, there's two minor corrections. On my direct testimony, page 9, line 189? I had, I had said
in there one of the major differences in these newer rules from R746-340, and that should be changed to R746-240. Those are the older service quality rules, and that's what I was meaning instead of 340.

The second correction, in my rebuttal testimony? Will be on page 6, line No. 129. It goes: The ISP-bound traffic should be included in the relative use factor? That word actually should be changed to "excluded" to further or better reflect what the Commission's order stated.
Q. Would these corrections, if asked the same questions today, would your answers be the same?
A. Yes.

MS. SCHMID: With that, the Division moves for the admission of Mr. Coleman's direct, rebuttal and surrebuttal testimony, as identified.

CHAIRMAN BOYER: Thank you. Any objection to the admission of Mr. Coleman's prefiled testimony?

MR. MERZ: No objections.
MS. SCHMID: And the Division will gladly relinquish a couple of minutes of its time later in the hearing, so -- because we forgot to add time for the witness qualification and admission of exhibits when we did ours.

CHAIRMAN BOYER: Okay. Well, thank you. All
right, it is admitted then. The testimony is admitted.
(Casey J. Coleman Direct Testimony and attached exhibit was admitted.)
Q. (By Ms. Schmid) Mr. Coleman, do you have a brief summary?
A. Yes, I do.
Q. Two minutes, here you go.
A. I'll try to talk slow so we can take up the full two minutes. Over the past couple of months, as I reviewed the testimony filed by each party and listened to expert witnesses explain their positions in this docket, one common theme has surfaced: Keeping things status quo.

CLECs want to be able to compete and have access to the Joint Applicants' network, while the Joint Applicants want to remain nimble enough to respond to a competitive telecommunications marketplace.

As regulators, the Division wants the same as both the CLECs and the Joint Applicants: A healthy, vibrant telecommunications market.

As first suggested in my direct testimony, repeated in my rebuttal testimony, and confirmed in the supplemental rebuttal testimony filed in this
docket, the Division believes the best way to achieve this balance is by requiring conditions on the Joint Applicants that keep the status quo desired by all parties.

The negotiated settlement between the Division of Public Utilities and Joint Applicants provides certainty in operational support systems, interconnection agreements, performance assurance plans, protection against any new rates or tariff changes, change management process, FCC obligations, status as a BOC, and service quality.

With those commitments in place the Division believes many of the most important concerns raised by CLECs have been addressed, and stability post-merger has been provided for a reasonable period of time. In addition, the negotiated settlement provides a benefit to retail customers within the State of Utah by ensuring that at least 25 million over five years is invested in broadband infrastructure.

The negotiated settlement is in the public interest because it provides benefits to retail customers that citizens would not have absent a settlement. Additionally, providing certainty and stability for the wholesale marketplace, that impacts all 95 CLECs in the state, is in the public interest.

In closing, the Division believes the Commission should approve the merger of the Joint Applicants and accept the agreement between the Division and Joint Applicants. The agreement provides the best framework to keep the market environment -sorry.

The agreement provides the best framework to keep the market environment consistent for all parties, while preventing the death by 1,000 cuts of a healthy telecommunications marketplace in the State of Utah.

A vibrant telecommunications market will continue to persist as CLECs, Qwest, and other companies are financially healthy and able to adapt to the changing dynamic marketplace.

MS. SCHMID: Thank you.
Mr. Coleman is now available for cross examination and questions from the Commissioners.

CHAIRMAN BOYER: I noticed also on the schedule there's no time for redirect. How are we gonna handle that?

MR. DUARTE: Your Honor, this is Alex Duarte. I think we contemplated that within the time period that each side had that would include Commissioner questions, redirect. It wasn't just to have the cross
examination.
CHAIRMAN BOYER: Okay, very well. Cross examination, $I$ guess, of the Division witnesses will just be by you, Mr. Merz?

MR. MERZ: That's correct.
CHAIRMAN BOYER: Okay. You may proceed, Mr. Merz.

## CROSS EXAMINATION

BY MR. MERZ:
Q. Good morning, sir.
A. Good morning, Mr. Merz.
Q. Do you have a copy of the settlement agreement in front of you there?
(The reporter asked Counsel to speak up.)
THE WITNESS: Yes, I do.
Q. (By Mr. Merz) I want to start with some questions about broadband, which you discuss in your supplemental testimony at pages 2 through 7.

The commitment that's been made in the settlement agreement is that the combined company would spend $\$ 25$ million over five years, and 15 percent of that would be spent in underserved and underserved areas, correct?
A. Unserved and underserved, yes.
Q. And so if you would just go to your
supplemental testimony, at page 4. Line -- I'm looking specifically at line 100. Well, line 99. And you say there --
A. Okay.
Q. -- that:
"Qwest without any Commission
ordered commitments to invest has spent significant amounts to remain a viable broadband competitor."

Correct?
A. Yes.
Q. And then a little bit later on that page, at page 111 (sic), you say that:
"The Division believes that Qwest or the combined entity must continue to invest in broadband infrastructure to survive in today's marketplace."

Correct?
A. Yes.
Q. You're aware that broadband plays a very large role in the merged Company's future plans, not only for Utah but around the country?
A. Yes.
Q. You are aware as well that, for example, the Company has announced plans to begin offering IPTV,

Internet protocol television, in certain markets, correct?
A. Yes. I believe they said they'll do that in certain markets.
Q. And that is something that will require additional investment in broadband; is that right?
A. Yes.
Q. Given that background, what reason does the Division have to believe that the combined company would not have spent at least $\$ 25$ million over the next five years on broadband in Utah?
A. I don't know anywhere in my testimony that I've said that they wouldn't invest that amount. What I talk about is, in fact, that the Company, and because of the competitive marketplace we have here, has made choices to respond to that marketplace by investing certain dollar amounts within the State of Utah.

And so my testimony was that we believe that Qwest, you know, to survive, like I said there, needs to -- or the combined entity needs to continue to invest in infrastructure probably to meet many of the demands that you talked about. To be able to do IPTV and the other elements of it.
Q. And I guess my question is, is there any
reason to think that, regardless of this commitment, the Company wouldn't be spending at least that much, if not a lot more, in Utah over the course of the next five years?
A. Obviously marketplaces change. And what happens within the environment can change drastically. There is a possibility that they may decide that they've invested enough within -- because of what they've done previously, that they don't feel that any future investment needs to happen.
Q. That's a possibility. But based on what you know today the most likely outcome is that, with or without this commitment, the Company would end up spending $\$ 25$ million, or perhaps much more, in Utah over the course of the next five years?

MS. SCHMID: Objection, asked and answered.
CHAIRMAN BOYER: Response, Mr. Merz?
MR. MERZ: What he's saying is that it's possible that they might spend less money. The question really goes to what's the most likely thing based on the information that he has today. So I think it's a different question.

CHAIRMAN BOYER: I don't know if he can answer that, but let's see.

Can you answer that? Do you know, or do you
have any sort of premonition as to what they might have?

THE WITNESS: I can give you what my hope is. I don't know if that'll get to the answer, but.

CHAIRMAN BOYER: Yeah. I think Ms. Schmid's objection is well taken.
Q. (By Mr. Merz) The 300 and -- the 15 percent that's to be spent on underserved and under -underserved and unserved areas, can you tell me, how is "areas" intended to be defined in this agreement? What's an "area"?
A. I don't know that we went to that level of speci -- you know, that specific as far as an area. We did do our review as far as a wire center level, when we were looking at trying to come up with a broadband commitment that we felt would be understandable but also enforceable.

But we didn't specifically define in the settlement what an area would be.
Q. Were you aware in Minnesota that the parties entered into a subsequent clarification of the settlement agreement that defined areas as living units?
A. Yes. I mean, I reviewed the testimony of Minnesota. And ultimately, with what we looked at
here in this state, we also looked at living units as the common denominator. I mean, that's what we were looking at to determine, you know, of Qwest's area, how many individuals had certain Internet speeds.
Q. What percentage of exchanges in Utah are unserved, as that phrase is used in the settlement agreement?
A. I don't know an exact number. When we did an analysis, you know, I believe the numbers that were talked about was somewhere in the range of like 7 to 9 percent.
Q. And then what percentage of exchanges in Utah are underserved, as that term is used in the settlement agreement?
A. I don't have an exact amount. And again, that would also have to determine what you considered underserved. Because in the settlement agreement there were discussions where we had originally said 4 megabits per second download speed is what we were looking at. I know that in the agreement I believe it says 1.5 megabits per second as well, so.
Q. That's something you compromised on, I take it?
A. I don't know if it was compromised. MS. SCHMID: And if I could just perhaps
interject and remind my witness that settlement discussions are covered by privilege.

MR. MERZ: Actually, they're not. Settlement discussions aren't privileged.

MS. SCHMID: I object to that, and I disagree with that contention.

CHAIRMAN BOYER: We typically don't admit evidence as to the negotiating positions people take during settlement conferences. But, you know, the result of those discussions, what they've -- the stipulation contains $I$ think is fair game. He can ask about that.

MS. SCHMID: Thank you.
Q. (By Mr. Merz) And so just to get back to my question. You don't know what percentage of exchanges in Utah are underserved, as that term in used in this settlement agreement?
A. An exact figure off the top of my head, no, I don't.
Q. Do you have even a ball park number?

MS. SCHMID: Again, asked and answered.
CHAIRMAN BOYER: Well, he's, he's just asked if he has a ball park figure. And Mr. Coleman is deciding whether he does or doesn't.

THE WITNESS: Well I'm, in my mind, trying to
remember what we put together. A rough estimate would be, you know, 60 to 75 percent, potentially. But again, that's going off of a spreadsheet that I looked at for a period of time, and I -- those numbers could be drastically wrong.
Q. (By Mr. Merz) Okay. Underserved areas, as that term is used in the settlement agreement, would include areas where there's already one or more broadband providers, correct?
A. Yes.
Q. And under the settlement agreement Qwest would be entitled to spend its entire commitment, the 15 percent commitment, in an underserved area; is that right?
A. That's a possibility, yes.
Q. If you go to your surrebuttal at page 6, line -- that can't be right. Your supplemental testimony.

MS. SCHMID: Do you mean supplemental?
MR. MERZ: Yeah, I'm -- I don't understand this reference that I have here, so I'm just gonna ask you this question.
Q. (By Mr. Merz) It's your testimony that there may be areas that are uneconomical for Qwest to invest in broadband infrastructure, correct?
A. Yes.
Q. And you would not expect that Qwest would make its expenditures under this settlement agreement to, satisfy these commitments, uneconomically, would you?

MS. SCHMID: Calls for -- objection, calls for speculation. Mr. Coleman does not know what Qwest would or would not do, or intends.

CHAIRMAN BOYER: Sustained. You don't have to answer that, Mr. Coleman.
Q. (By Mr. Merz) Go to your supplemental testimony, at page 6.
A. Okay.
Q. And I'm looking at line 151?
A. Okay.
Q. Where you say:
"A condition that required the combined entity to invest only in unserved areas might prove to be a financial burden...and limit the profitability of the investment."

And that was your testimony, correct?
A. Yes.
Q. As you envision this settlement agreement operating you would not -- you do not understand the
agreement to require Qwest to spend money in areas where it wouldn't realize a profit on that investment?
A. I'm sorry, I don't understand that question.
Q. Well, go to page 7 of your testimony.
A. Okay. I'm -- supplemental rebuttal testimony?
Q. All of my questions are gonna be about your supplemental.
A. Okay, that's fine.
Q. I'm looking at line 156.
A. Okay.
Q. And you talk about meeting the goal of getting better broadband speeds while avoiding unprofitable investment commitments solely to meet a regulatory condition.
A. Uh-huh.
Q. And what I understood you to be saying there was that this commitment would not, as you understand it, require Qwest to spend in areas where it wouldn't realize a profit on that investment. Did I misunderstand your testimony?
A. That, that's what I was saying with that testimony. That's accurate.
Q. Let's talk now about the OSS commitments. And you refer to those or discuss those in your
supplemental surrebuttal -- your supplemental testimony at pages 7 through 9?
A. Okay.
Q. Would you agree with me that a change in ownership of Qwest makes the likelihood of a change in Qwest's OSS greater?

MS. SCHMID: Objection, lack of foundation. Mr. Coleman has not been qualified as an expert on post-merger things.

CHAIRMAN BOYER: I'm not sure if that's the right objection, but it does call for speculation on the part of Mr. Coleman.
Q. (By Mr. Merz) Let me ask this question. The Division entered into a commitment that would require that OSS not be discontinued -- wholesale OSS not be discontinued for a minimum of 24 months, correct?
A. Correct.
Q. What was the reason why the Division believed that that commitment would further the public interest?
A. Initially when the Joint Applicants filed their petition -- or application with the Commission their position was that there was no need for any commitment or any conditions on the application.

As we at the Division reviewed the
information provided, and as I said in my summary here, our expectation and what we are trying to do as a Division is to try to provide a status quo. To keep the marketplace the same for CLECs and also for the Joint Applicants or combined entities after the merger.

The reason why we felt that keeping the OSS in place for 24 months after reading the testimony of Mr. Gates and other individuals, as a Division we recognized that keeping some level of certainty and an OSS system that they're familiar with for a period of time makes sense.

And so we felt that this would at least allow CLECs to have a period of time where they would know that they're gonna be able to still interact and interface with the OSS, that they're familiar and comfortable with, in the State of Utah and in Qwest's region, which was the Qwest OSS system.

And so absent of no conditions, and looking at what would be best for companies who were trying to compete in Qwest's territory, we felt that getting a commitment where CenturyLink and/or whatever the combined entity will be has to still use that system for a period of time would be in the public interest.
Q. If you go to the first paragraph under the

No. 1, Operational Support Systems, on page 3 of the settlement agreement?
A. Okay. Line 196 of my testimony, is that what you?
Q. No, I'm actually looking at the settlement agreement itself now.
A. Okay.
Q. So if you'll just flip to that?
A. Give me a second, I'll get there.
Q. Sure.
A. Okay. OSS -- first paragraph?
Q. Yes. It says there that Qwest will not discontinue its wholesale operations support systems. Do you see that?
A. Yes.
Q. Why is that condition limited to wholesale operations support systems?
A. The nomenclature that, as a Division that we dealt with is -- and it may be, you know, slightly different. But we look at retail as far as what Qwest is gonna be providing to the end user. And then we look at wholesale as far as their network, their infracture, and the other elements as far as what they're doing with kind of the business-to-business element of it.

And so for the wholesale operations support system we kept it in there, or it was in there, kind of to come back to, you know, the operating system that's gonna be used by companies.
Q. Is there some public interest that's served by allowing the Company to change OSS used to serve retail customers immediately after the merger?
A. My original review, that would be no. Although I, again, I'm not an OSS expert, but just taking from a practical standpoint. I wouldn't understand how Qwest would be able to change how it interfaces with it's retail customers, as far as OSS and billing and different things, and how that would be drastically different than what would be happening with their business customers or the wholesale side of it as well.
Q. Were there people involved in this settlement on behalf of DPU who are OSS experts?
A. I'm probably as close as we would get as far as the Division. And, you know, as I've said, I'm not an OSS expert. I have some understanding of it because of projects that have been worked on. But for better or for worse, I'm it. And I was involved in it, so.
Q. Does Qwest have systems that serve both
retail and wholesale? When I mean "systems" I mean OSS that serve both retail and wholesale.
A. My understanding is that they do.
Q. How would this provision that prohibits discontinuing wholesale OSS for a minimum of 24 months apply to a Qwest system that serves both retail and wholesale?
A. I am not a legal expert, and so obviously I wouldn't know the legal aspect of it. My understanding is if it somehow changed the wholesale system. That's what it says in there, and so that would not be allowed by law. That's my understanding.
Q. And my -- what I'm really getting at is what the DPU had in mind when it entered into that settlement agreement.
A. Sure. Okay.
Q. And that's what you're telling me?
A. Okay. Yeah, that's.
Q. Go to the second paragraph, where it says:
"In the event that any Qwest OSS is subsequently changed or retired...."

Do you see that?
A. Uh-huh. Yes.
Q. What's the word "subsequently" referring to? Subsequently to what?
A. Again, with the idea being that we're trying to keep things status quo and things as they are today, you know, pre- versus post-merger. The way that I would read "subsequently" in that situation is that, if they were going to subsequently change Qwest's OSS post-merger to what it is today, then they would need to go through that change management process that's been established and agreed to by CLECs and also Qwest.
Q. The "subsequently" doesn't refer to subsequent to this 24 -month period following closing?

MS. SCHMID: I would say objection if we're going to get to -- this verges on -- or calls for a legal conclusion --

CHAIRMAN BOYER: Well, we can ask him -- or Mr. Merz can ask him what his understanding of that term is.

THE WITNESS: I'm sorry --
Q. (By Mr. Merz) And I think I can ask the question --
A. Will you ask the question again for me, please?
Q. Certainly. Was it your understanding that "subsequently," as used in the first sentence of paragraph two, refers to subsequent to the 24 -month
period that's referred to in the first paragraph of that section of the agreement?
A. And I'm just gonna ask for clarification to make sure I'm answering your question properly.
Q. Sure.
A. So what you're saying is subsequently would be after the 24 months if that change happened, versus during the 24 -month time period?
Q. Let me -- I'll just ask a more direct question.
A. Okay.
Q. Is it your understanding that under this agreement Qwest would be free to make changes to its OSS that are short of actually discontinuing that OSS before 24 months after the closing?
A. Yeah. Simple answer to that is yes. And having -- and the foundation for that, again, if it's a major shift, you know, going say to the CenturyLink versus a Qwest one, obviously we believe that that wouldn't be allowed in this stipulation.

But today, understanding OSS and how it happens, there are times that a CLEC will come to Qwest and say, Look, we want to change how we interface with the OSS. Or Qwest may come back and say, We need to make these changes. My hope is that
it's to make it better for both parties and stuff like that.

But we believe that Qwest and/or the CLECs have the ability to do that over the normal course of the process. We don't believe that that precludes Qwest or the CLECs from having the ability to fine tune or tweak the OSS if it's needed over that 24-month period.

I think that's why the term "subsequently" was used because, you know, some minor changes may be necessary and it may be agreed upon by both.

But if it was a drastic change, something that, you know, someone -- the Commission, the Division, CLECs, or anyone else would say, Wow, that seems like a pretty big change, you know, that -- the way that I'm interpreting that is that, you know, that wouldn't be allowed for the first 24 -month period.

And then -- so -- sorry, that was a pretty wordy answer. But yes, we believe there would be the ability for minor tweaks over that time period.
Q. What is it about the agreement that you believe would distinguish between minor tweaks and drastic changes? Is there something that we would look to in the language of the agreement that we would say, Minor tweaks, you can do that, but drastic
changes you can't?
A. In my reading of this -- the agreement, I don't know that there is specifically in here what would be considered a minor or a major change. I guess the premise that we went off of is that, is that that maybe is discussed more extensively in the OSS and how that has been involved. And so parties would know what may be considered a minor change or a subsequent change.
Q. Are you familiar with what are sometimes referred to as "back-end systems"?
A. I did read the testimony by Mr. Gates and that dealing with back-end systems.
Q. Do you know whether all changes under CMP -all changes to back-end systems have to go through CMP?
A. I don't know that, no.
Q. Do you know whether changes to back-end systems can have an impact on CLECs?
A. My gut reaction is I would believe that they would. Because that would change how they interact with CenturyLink or Qwest.
Q. Go to your supplemental testimony at page 9.
A. Okay.
Q. And I'm looking at line 227, where you quote
the Colorado Commission telecommunications section chief. Do you see that?
A. Yes.
Q. And you agree, I take it, with the statement that:
"Although Qwest is the larger entity and has more experience in the wholesale market, any changes made by CenturyLink to Qwest's back-office systems, to Qwest's business processes, to Qwest's interconnection negotiation template, or to Qwest's CMP increase the possibility of uncertainty among the interconnecting carriers. This uncertainty will in turn effect (sic) competition in general."

Do you agree with those statements?
A. Yes.
Q. And was avoiding the kinds of changes that are described in what I just read, was that at least part of the goal of entering into the settlement agreement?
A. Sure. What we were trying to provide was the ability for CLECs to have a certain level of confidence so they know how business is gonna proceed post-merger. And that that would allow them to be
able to execute business plans that they have in place and also to continue to compete in the marketplace. Which is, you know, what we believe is healthy for the marketplace. And also is a goal and a statutory requirement that we have, and also the Commission has, is to help foster competition.
Q. Do you believe the settlement agreement would prevent any changes made by CenturyLink to Qwest's back-office systems?
A. Again, not being an OSS expert, I, you know, I don't know the level of changes that would be involved with that. And again, what we were trying to portray with this settlement, and what the hope is, is to keep things as they are today for a period of time post-merger as well.
Q. Do you believe that the settlement agreement prohibits changes to Qwest's business processes?
A. I don't know that business processes was included in the OSS.
Q. Or any other part of the agreement. I'm not necessarily limiting myself now to the OSS provisions.
A. I guess my original answer to that would be Qwest today has the ability to change some of its business processes to adapt to a competitive marketplace.

We, again, in trying to craft this was to try to provide some level of certainty for CLECs. And balance out what Qwest and, you know, the entity going forward has as far as the freedoms and flexibilities that the Commission has allowed them that they've got through a regulatory process.

And so can Qwest change business processes today? I believe that they can. Should they be allowed to do that post-merger? For a period of time, you know, we've said that there needs to be some certainty.

But, you know, ultimately they'll probably have the ability, as they do today, to change business processes as they see fits their business needs.
Q. And the quote that we just read together a minute ago refers to changes made by CenturyLink to certain of Qwest's systems and processes, correct?
A. Correct.
Q. Today CenturyLink doesn't have the ability to change Qwest's systems and business processes?
A. Correct.
Q. And so is there anything about the settlement agreement, that you are aware of, that prevents

CenturyLink from making changes to Qwest's business processes?
A. Yeah. I mean, if you look at, for example the interconnection agreements, they're not allowed to change that for a period of time. If you look at OSS, they're not allowed to change for a period of time what is currently in place for that.

If you're looking at the performance assurance plans, they've agreed through the negotiation process that they're gonna follow those type of requirements that are there as well.

So in my belief, that would be commitments that they've made that would mean that they're not able to change those elements of their business process for those periods of time that were agreed to.
Q. And then is there anything in the settlement agreement that you believe prevents CenturyLink from making changes to Qwest's CMP?
A. Again, I -- not knowing the nuances of CMP, but what the first blush would be with that is that Qwest -- sorry. CenturyLink or the combined entity would need to follow the change management process that was negotiated and put into place if they wanted to do major changes to OSS.

And again, I don't know exactly all the places that CMP comes into play. But we believe that would be a process that they would need to follow,
according to what's already been established in the contract with the change management process.
Q. Were you here last week when Mr. Hunsucker was testifying?
A. I did listen to it through the stream that the Division -- or sorry, the Commission provides. So yes.
Q. Do you recall a discussion that $I$ had with Mr. Hunsucker about whether OSS interfaces are considered to be part of OSS?
A. I do remember that there was some discussion back and forth about that.
Q. Is it your understanding that the OSS commitment contained in the settlement agreement would apply to OSS interfaces?
A. You know, I, again, I don't know that we went to that minute detail of what would be involved in OSS and what wouldn't. You know, generally we believe that whatever is included in OSS today should be what would be included in OSS, you know, post-merger as well.

And that's why we did the condition with that. But, you know, the level of each detail, as far as this is what was involved with it, you know, we didn't specifically discuss that.
Q. The six-month notice provision that's contained in the OSS commitment --
A. Uh-huh.
Q. -- applies only to retirement of systems; is that right?
A. That's my understanding, yes.
Q. What is your understanding of how retirement of a Qwest OSS would affect CLECs?
A. I, I mean, as was shown in the testimony both by Mr. Gates and also quoted by myself, you know, if there was a changed OSS, that could potentially impact CLECs and also impact other individuals.
Q. Do you know what CLECs would have to do on their end if a Qwest OSS were to be retired?
A. No.
Q. What that would involve, per se?
A. I mean, I can guess, knowing what happened with the 271 proceeding and the number of elements that was involved with that to understand the OSS, you know. I'm sure that there is work that's gonna be required with that. But what is completely involved with that I can't say.
Q. Based on your understanding, do you believe that would be a significant amount of effort for CLECs?
A. I don't know the level of effort for CLECs because, you know, not being involved with it. There will be work involved. The level I, I can't speak to. I'm sure a CLEC would be able to.
Q. What's your basis for believing that six months is an adequate amount of notice for retirement of OSS?
A. The belief there is that there needed to be a time period that the companies would have the ability to know that a change was coming.

Having said that, we believe that six months gives the ability for CLECs to start evaluating and looking at the process. And, you know, with change management is, is involved in there what the understanding would be is that they could start looking to test and to see if the changes are gonna work with that.

And it would also give them adequate time, if there were challenges or issues with that, to be able to come back to a regulatory body -- the Commission or whatever else -- and potentially make those concerns known.

So six months was a time period that seemed reasonable to allow, on the flip side, a company like CenturyLink to notify those who are gonna be using
that that a change could be coming. But also provide a time period for CLECs or anybody else involved to evaluate it and say, This is why it works or this is why it doesn't work, and have that be heard by a regulatory body.
Q. Under the settlement agreement Qwest would be able to give notice of retirement 18 months after closing, and then retire its OSS 24 months after closing, correct?
A. They have the latitude to do that if they choose to.
Q. How do the OSS commitments relating to notice of retirement apply to interfaces, if you know?
A. I don't know.
Q. Have you made any effort to compare the functionality of CenturyLink and Qwest's OSS?
A. All I know as far as testimony that was filed by different parties. I mean, I did review that and I did understand some of the concerns raised. I think that's also part of the reason why at the Division we tried to put in place some commitments to leave Qwest's OSS there.
Q. Do you have -- have you performed any analysis of the degree of flow through provided by CenturyLink's OSS as compared with that of Qwest's?
A. No.
Q. You heard Mr. Hunsucker testify about CenturyLink's lack of information regarding flow through for its wholesale OSS, correct?
A. I know that was part of his testimony, yes.
Q. Did that give you any cause for concern with respect to whether the OSS issues are adequately dealt with in the settlement agreement?
A. I guess the way that I can answer that is we got the impression from CLECs -- and we tend to agree with the position -- that initially CenturyLink's OSS is different than what CLECs are working with now, and their preference would be for Qwest's OSS system.

Does that, does that mean that, you know, eventually something better couldn't be proposed? You know, I don't know that, you know, today as I sit here. But I -- we didn't want to preclude that option from the parties as far as having that opportunity to come and to be brought forth as well.
Q. The CLECs' concern is not about something better in terms of OSS it's about something worse, right?
A. Uh-huh.
Q. That's what you understand?
A. Well, yeah. I mean, they would want to keep
the ability to access the competitors' network and have that interface happen so that they can continue to compete. So they would want to keep that -- if I was a CLEC I would want to keep that at a level that I'm comfortable with or understand as well.
Q. The OSS commitment talks about the ability to test a proposed replacement OSS; you are aware of that?
A. Yes.
Q. Do you know what such testing would involve?
A. I don't think it was specifically detailed in the settlement.
Q. The settlement doesn't require that there be testing that would confirm the system's ability to handle production level of work, does it?
A. Testing isn't a specific requirement of the settlement, no.
Q. You heard Mr. Hunsucker testify about CenturyLink's recent implementation of an e-bonding solution for LSRs, correct?
A. Yes.
Q. You heard him say that there were no CLECs using that system, although it was available?
A. I heard that as part of the testimony, yes.
Q. Did that give you any cause for concern?
A. Again, if we were comparing CenturyLink's OSS versus Qwest's OSS, the CLECs did a -- were able to put forth their testimony as far as showing that there's differences between those two.

But I think that also comes back to why, as a Division, we wanted to have a commitment in place where Qwest's OSS was going to be what was used -- or Qwest legacy, or whatever appropriate terminology is -- for a period of time so there would be some certainty there.

So by us agreeing to a condition that keeps Qwest's OSS in place I think was trying to mitigate some of the concerns that the CLECs raised of one OSS versus another. And I think we achieved that by being able to get a commitment to where an OSS that was perceived by the CLECs to be better is one that's gonna be used for a period of time.
Q. You are aware that the Minnesota proposed settlement includes a requirement that testing be allowed in a time frame that's no less than the time frame provided under CMP? You're aware of that, correct?
A. Again, I did review some of the information in -- you know, I -- of the Minnesota proceedings. I don't know if I was aware of that specific thing. But

I, I mean, I know that it was, that it was there.
I should say I know that the Minnesota proceedings happened. Because my last statement was very vague and ambiguous, so.

MR. MERZ: Your Honor, I have the Minnesota stipulation and agreement, and I'd like to mark that and offer it as a cross examination exhibit.

CHAIRMAN BOYER: Very well. And I'm not going to restrict how you use your allocated time, but you're doing 20 percent of the witnesses and two-thirds of the time.

MR. MERZ: Yes.
(Pause.)
MR. MERZ: Can you tell me how this has been marked?

CHAIRMAN BOYER: I don't have my notes from the prior hearing. But let's --

Ms. Schmid, do you know how many?
MS. SCHMID: I'm sorry, no.
CHAIRMAN BOYER: Let's just put this as a Joint CLECs --

MS. SCHMID: We could always use the alphabet.

MR. DUARTE: Let's just say November 4 Exhibit 1?

CHAIRMAN BOYER: November 4 Exhibit 1.
Q. (By Mr. Merz) Mr. Coleman, you have in front of you the stipulation and agreement that was entered into in Minnesota; is that right?
A. Yes.
Q. You've seen this document before, I take it?
A. Yes.
Q. The language that is contained in the settlement agreement that the DPU entered into is, in many respects, identical to the language of the Minnesota agreement, correct?

MS. SCHMID: Objection. Mr. Coleman said that he has seen it, he did not say that he has done a comparison. So I think that the question assumes facts not in evidence.

MR. MERZ: If he doesn't know he can say he doesn't know.

MR. DUARTE: Your Honor --
CHAIRMAN BOYER: Why don't you ask the direct question, Mr. Merz, have you compared the two.
Q. (By Mr. Merz) Have you compared this agreement and the -- the Minnesota agreement and the agreement that the DPU entered into?
A. Extensively, no.
Q. In any degree?
A. I read this once, and then I, I was familiar with what our agreement has been. So that would be the level of review.
Q. Did you see the Minnesota agreement for the first time before or after the DPU entered into its agreement?
A. Before.

MR. MERZ: Your Honor, the Joint CLECs offer Joint CLECs November 4th Exhibit 1.

CHAIRMAN BOYER: Any objection to the admission of that exhibit?

MR. DUARTE: Your Honor, we have no objections. But we're wondering, I don't think the actual DPU settlement is -- we've -- it was filed, obviously, with the Commission, but it's not an exhibit to any of the testimony.

So I'm wondering in all fairness, so that the Commission, if it wants to compare both settlements, we might want to have that one as a cross exhibit or -- as an exhibit for today as well.

CHAIRMAN BOYER: Well, why don't we do as Mr. Merz is going to do with the HSR documents and have Ms. Schmid supplement the record with that.

MS. SCHMID: Okay.
CHAIRMAN BOYER: It is in the docket already,
but.
MR. DUARTE: Sure.
MR. MERZ: Has this been admitted, then, your Honor?

CHAIRMAN BOYER: It has been admitted, yes. I'm sorry.
(Joint CLECs November 4 Exhibit 1 was admitted.)
Q. (By Mr. Merz) Mr. Coleman, if you'll refer to page 3 of the Minnesota settlement?
A. Okay.
Q. And I'm looking at the second paragraph on page 3, the second sentence, that says:
"In the event that any CenturyLink OSS is introduced, changed, or retired, CenturyLink will provide 6 months advance notification to the affected interconnecting carriers."

Do you see that?
A. Yes.
Q. Do you know why that -- well, let me ask you first. That provision does not appear in the DPU settlement?
A. That specific language is not in our settlement.
Q. The OSS commitment that is in the DPU settlement is one that applies region wide for Qwest; is that right?
A. Yeah. And my understanding is Qwest isn't able to have an OSS for Utah, one for Minnesota, one for Washington. It's got to be regionally done.
Q. I want to ask you some questions now about the provisions relating to the interconnection agreement extension, which you discuss on supplemental -- in your supplemental testimony at pages 9 through 11.
A. Okay.
Q. In your supplemental testimony at page 10?
A. Yes.
Q. Line 256, you say that the Division believes that most ICAs in Utah will fall within the first band, where the agreement will be extended for 36 months. Can you tell me what the basis for that belief is?
A. Sure. As part of my duties in the Division of Public Utilities over the various few years I had the responsibility of reviewing interconnection agreements that were entered in with CLECs and also with Qwest. Specifically during the time when the TRRO happened, and for a couple of years after that.

So I didn't look at every single CLEC in our state to see if they had filed. But my understanding, and just from personal experience, is that most of the interconnection agreements with most of the CLECs within the state were amended or had changed to reflect the TRRO and some of those other elements of it.

So I know that looking at that situation, where I knew, I knew that those interconnection agreements had been worked on, that was the basis that I used to say that probably most of our interconnection agreements are gonna fall within that 36-month time frame.
Q. Do you know how many agreements fall within the second band, the 24 -month extension?
A. I don't have exact numbers, so I don't know.
Q. And the third you don't know?
A. I don't know that. I mean, I would believe that the third band is gonna be a very small subset of the total population.
Q. The second band applies to agreements that have been amended to include Qwest's TRRO language; is that right?
A. That's what the settlement says, yes.
Q. Can you tell me why it's limited to Qwest's

TRRO language?
A. I don't know that it was specifically where it was meant to be just Qwest's testimony. I -- or sorry, Qwest's TRRO language.

I believe what it meant in -- as far as the Division was, if those agreements had been filed to reflect the TRRO language which was agreed upon between different parties, then at that point as a Division we felt that, you know, they had gone through that process with it as well.

Because it was an agreement between Qwest and the Division, you know, Qwest's TRRO language was probably interjected with that as well.
Q. You're aware that there's CLECs that have TRRO language that's not Qwest's language?
A. Sure.
Q. And do you believe that this 24-month extension should apply to those agreements?
A. Again, if a company had filed to have their -- the amendments changed with Qwest as far as being involved in that process if it was, you know, CLECs' TRRO language.

But if, if in the interconnection agreement there was some language that reflects what was in the Tri-Annual Review Remand Order that, that allowed

Qwest the ability for the non-impaired wire centers and other elements of it I would -- you know, my opinion, not being a legal, you know, attorney, but my opinion would be that those would, would be included as something that had been amended.
Q. Go back to your supplemental testimony at page 17.
A. Okay.
Q. At line 257 you say:
"It is the opinion of the Division that any amendment filed by Qwest and agreed to by CLECs would be a non-expired agreement."

Do you see that?
A. Sorry, you said page 17 --
Q. I'm sorry, I misspoke. Page 10.
A. Okay.
Q. Line 257.

MS. SCHMID: Page 11?
THE WITNESS: Page 11?
Q. (By Mr. Merz) Well, I have page 10.
A. Okay.
Q. Line 257.
A. Line 257, okay.
Q. You say there:
"It is the opinion of the Division that any amendment filed by Qwest and agreed to by CLECs would be a non-expired agreement."

Do you see that?
A. Yes.
Q. I'm trying to understand how that would work. Are you saying that if an expired agreement has been amended, then the agreement is treated as not expired for purposes of this commitment in the settlement agreement?
A. Yeah. My understanding, and kind of what the Division's position is, is that if there's been amendments or different elements that have been filed with that -- maybe let me take a step back and kind of explain what our premise was with the Division. And kind of what the different bands meant.

You know, we kind of felt that if a company had been working with Qwest and/or CenturyLink and had been in negotiations and had been trying to have an interconnection agreement that was in effect, we felt that they needed -- or what would be fair was to give them a certain amount of time where they would be able to have certainty. And that's, you know, what the first band was.

Looking at the third, third band, you know, we knew that there were instances -- for example, the Commission will recall that Qwest and First Digital recently had had troubles with interconnection agreements, as far as getting them to come to the table.

We felt that there may be some outliers out there that, for whatever reason, hadn't been negotiating in good faith with Qwest. And so they maybe needed a shorter time period of only 12 months so that -- so what really was allowed by law would be able to be in effect with that as well.

And so that's kind of where we fell as far as, Okay, what's the different bands. Where does it make sense. What's fair for CLECs on, on the side of -- and also the side of CenturyLink.

Now, to answer kind of as far as the amendments. What -- as to the Division and my position is that, if there had been some negotiations, some discussions, and some agreements that happened within, you know, the last period of time that was talked about in there, then those agreements should be given that level of certainty of the 36 months.
Q. So if you had an old expired agreement that was recently amended, that would -- the 36 months
would apply to that, as you understand it?
A. That, that's my understanding that's how it -- now again, there may be specific elements within each contract where terminology could be different. And I don't know every individual interconnection agreement.

I mean, I, again, I review them, but I don't know the legal elements of that. And so I'm not saying that what the contract says, you know, or elements of it, that my opinion would preclude that.

But, you know, just as a general statement, if I believe that the Companies have worked together and, you know, there was an amendment that was there that was agreed upon, barring some specific language in the interconnection agreement, they should have that level of protection of the extended 36 months.
Q. I'm gonna go to the next provision, just because I'm running out of time, relating to the protection against new rates or tariff changes?
A. Okay.
Q. That's No. 3 under the wholesale conditions on page 5 of the settlement agreement?
A. Okay.
Q. This is not one that you talk about in your testimony, correct?
A. Correct.
Q. My only question about this one is, the very first sentence of that section says: "Qwest Corporation agrees"; correct?
A. Sorry, let me get there.
Q. Sure.
A. Remind me again where we're at on the settlement.
Q. Yeah, number -- paragraph 3, in the protection against new rates or tariff changes?
A. Okay. Okay, Qwest Corporation agrees, yes.
Q. And I'm contrasting that with the OSS condition that applies to Qwest Corporation or any successor entity?
A. Uh-huh.
Q. Can you tell me the reason for that difference?
A. No. I mean, I don't know that there was a specific reason why it was limited only to Qwest Corporation. I don't recall that in the negotiations or the discussions going back and forth.
Q. In the second sentence of that section it talks about there won't be new wholesale changes for service order processing, including but not limited to, and then it lists a bunch of stuff. Do you see
that?
A. Uh-huh.
Q. Yes?
A. Yes. Yes, I do.
Q. I'm focussing on the "including but not limited to." What other kinds of things does the Division understand would fall within the scope of the prohibition that's set out in this section of the agreement?
A. You know, I don't -- not knowing all the nuances of each individual company I don't know specifically. I can't say, Well, here's one, and here's another one, and stuff like that. I think it was just language that didn't want to limit it just to those few items that were listed there.
Q. How would the Division go about deciding whether a new charge would fall within the scope of this prohibition?
A. I guess what we would do is we would look at, you know, a tariff rate or a price list that was filed by Qwest, you know, now, or the combined entities post-merger. And then look and see if we felt that it was in, you know, the categories talked about here or something that was, you know, precluded specifically in this settlement agreement.
Q. Let's go to the provision related to the UPAP?
A. Okay.
Q. Which is the next one. This provision precludes discontinuing of the UPAP but would permit any changes, correct?
A. Yes.
Q. In your supplemental testimony, at page 12 ?
A. Okay.
Q. Line 313, you say that it's the belief of the Division that elimination of any PAP must be agreed by the Commission. Do you see that?
A. Yes.
Q. Did you mean PID or PAP?
A. My understanding from how it is with the negotiation with the QPAP that we have now, there is no sunset period. And, you know, the Commission basically has to approve the elimination or subsequent major changes of the current performance assurance plan as it is now.

And where CenturyLink was agreeing for a period of time to, in essence, still have that same PAP, as it is existing today, to be in force, we would believe that, you know, it would require a Commission ruling or order, however terminology you want to use,
to have a -- the PAP completely go away.
Q. Let's talk about the change management process?
A. Okay.
Q. Are you -- do you know whether CenturyLink has what would be the equivalent of Qwest's CMP?
A. CenturyLink hasn't really been an active participant in our state, and so I don't know if they do have or not.
Q. Under Qwest's CMP as it exists today does Qwest have the right to terminate that -- does Qwest have the right to terminate the CMP?
A. Again, I don't know the extent if they do or not.
Q. Do you understand if the CMP commitment contained in the settlement agreement is a region-wide commitment?
A. Again, that would be my belief, is it would be applicable throughout all states.
Q. Let's talk about the FCC obligations?
A. Uh-huh.
Q. It says there that any terms contained in the FCC's order will be automatically incorporated and supersede the terms of this agreement, except to the extent it is state specific. Do you see that?
A. We're now at the stipulation again; is that right?
Q. Yes, I'm sorry. Page 6 of the stipulation, looking at paragraph 6.
A. Okay.
Q. It talks about --
A. Okay.
Q. -- how an FCC order will interact with this agreement.
A. Correct.
Q. And it says: "...to the extent it is state-specific." What's the "it" there? Is it the FCC order, or is it this agreement?
A. My belief is that it would be the FCC order.
Q. Then finally -- or almost finally anyway, the compliance section?
A. Yes.
Q. Which is found at page 8?
A. Uh-huh.
Q. There's a general commitment there that the Company will comply with all applicable federal and Utah laws and regulations, correct?
A. Yes.
Q. You heard Mr. Hunsucker's testimony regarding conditions proposed by the CLECs with respect to
specific laws and regulations that the CLECs were concerned about?
A. Yes.
Q. And you heard Mr. Hunsucker say that CenturyLink would not agree to those conditions, correct?
A. I think what I heard Mr. Hunsucker say is they would agree to no conditions, because their original premise was they don't believe they needed any conditions.
Q. Do you have any concern, given CenturyLink's agreement set out on page 8 of the settlement agreement regarding compliance with laws, and given the testimony Mr. Hunsucker gave about CLEC conditions relating to compliance with laws, do you have any concern about how that testimony can be reconciled?
A. Do I have a concern about how it can be reconciled? No. Here's the reason why I don't think there's concern with that. Originally CenturyLink and the joint parties said that there should be no conditions or obligations with this agreement.

Through the settlement discussions and through, you know, different aspects of it and things that were brought up with the Division they were able to agree to commit that they're gonna follow all
applicable laws and regulations as they need to today, Qwest and/or CenturyLink, pre-merger/post-merger.

Again, I'm not an attorney. I don't know, you know, all the differences between what is gonna be approved in law. I have been around long enough to realize that there's usually two sides of a legal interpretation. And then a body like the Commission or the FCC gets to determine what that legal interpretation may be.

But as far as the Division, we felt comfortable in the fact that CenturyLink was committing, in this stipulation, that they were gonna follow all applicable laws and regulations. Just like Qwest has to today, that they're going to have -- you know, that they would need to follow that as well.

Is there a difference in interpretation? Always. But we felt that that's what that commit was getting at, and that made us a little more comfortable.
Q. And then finally, was any consideration given to including the most favored nations provisions part of this agreement?

MS. SCHMID: Again, I object to the extent that it would -- the answer would involve settlement discussions themselves.

CHAIRMAN BOYER: Yeah, I think that's well taken. The stipulation speaks for itself. It doesn't have one.

MR. MERZ: I have nothing further, sir. Thank you very much.

CHAIRMAN BOYER: Commissioner Allen, any questions for Mr. Coleman?

COMMISSIONER ALLEN: Quick question about incentives in the OSS, because we're talking about the regulatory environment and there's some concerns expressed here.

If there were a poorly-run OSS as a result of some merger that could be approved, who does it harm? Is it a asymmetrical? Does it only harm the CLECs? Or would a poorly-run OSS also harm the Joint Applicants in terms of maybe lost wholesale revenue, or?

What's your take on it? Is it symmetrical, asymmetrical? Does it harm one party more than the other if it's not functioning properly?

THE WITNESS: I don't know that it would be asymmetrical. But what my belief is, is because we have a competitive marketplace here in Utah, if the OSS wasn't working properly for the CLECs they'll definitely be harmed.

But the flip side is that, if the OSS wasn't working for Qwest or CenturyLink, the possibility is that another company could come in and take some of the customers through, you know, bad service quality. They're not happy or whatever.

And so CenturyLink and/or Qwest could be impacted with that as well. You know, a competitor like Comcast could come in and take away retail customers because their OSS isn't functioning, they're not getting their bills out right, people aren't happy with that type of thing.

Would it impact CLECs more? Probably. But I think that the threat of losing a customer is just as real for a CLEC as it is for Qwest because of the competitive marketplace that we have today. And so I believe that there are market pressures that are out there that will, will help to incent Qwest and/or CenturyLink, whatever the combined entity is, to try to take care of those problems.

COMMISSIONER ALLEN: Thank you.
CHAIRMAN BOYER: Commissioner Campbell?
COMMISSIONER CAMPBELL: On page 4 of your testimony, line 99.

THE WITNESS: Is this the direct testimony?
COMMISSIONER CAMPBELL: Supplemental
rebuttal.
THE WITNESS: Okay.
COMMISSIONER CAMPBELL: I think you were already asked about this. I guess my question is, on line 99 , does the Commission have the authority to order Qwest to invest in broadband?

THE WITNESS: No.
COMMISSIONER CAMPBELL: Do you see any possible regulatory pitfalls in the Commission ordering actions in which it doesn't have legal authority granted to it by the legislature?

THE WITNESS: Again, I'm not an attorney, so I don't know all those elements of it. There could be potential pitfalls with that.

What we were looking at with the settlement was to try to figure out, if I'm sitting across the table from my neighbors and they hear that CenturyLink and Qwest are gonna merge, and they're like, Well, what benefit do I get as far as a customer?

You know, I would like to be able to say, Well, you know, here's something tangible that you're gonna get. Qwest has committed to invest 25 million over the next five years with that as well.

Do we recognize that the Commission doesn't have the authority to require that? Yeah, we are
understanding of that. As part of the settlement negotiations was this something that Qwest put forward and we thought made sense? Yes.

And so that's partly why you see it in the settlement negotiations.

MS. SCHMID: Settlement --
THE WITNESS: Or settlement agreement, sorry. Not negotiations, agreement.

CHAIRMAN BOYER: Okay. Thank you, Mr. Coleman.

Any redirect, Ms. Schmid?
MS. SCHMID: Very limited.
REDIRECT EXAMINATION
BY MS. SCHMID:
Q. You were asked some questions about wholesale rates and charges as they apply to the stipulation.

And I believe that Mr. Merz was referring to paragraph 3 on page 5 of the settlement.
A. Okay.
Q. Do you recall those questions?
A. Yeah.
Q. So does this paragraph apply to any new wholesale charges or service order processes? Can you talk about the scope of this paragraph?
A. As you're asking that can I ask a clarifying
question with that?
Q. Uh-huh.
A. And I guess I'm --
Q. And it might be easier if you turn to the settlement agreement itself.
A. Sure. I guess what I'm trying to understand though is when you say "new," would this be like a service that had never been tariffed, or never been applicable as far as price lists or tariffs before? And the reason I'm ask --
Q. Well, I'm sorry, I misspoke.
A. All right.
Q. Again, if we turn to the settlement agreement itself I think that will clear up my --
A. Okay.
Q. -- the confusion I caused. It talks about not seek approval for new rates or new wholesale charges.
A. Okay.
Q. Can you speak to the scope of this?
A. Yeah. My belief is that we have in place right now tariff rates, and charges, and different things. And the way that this has been established is that Qwest won't, for those specific, you know, or whatever rates, tariff rates, price lists that are out
there, for 36 months they're not gonna come in and file to ask for those rates to be changed.
Q. Thank you. Also, Commissioner Allen asked you some questions about interactions between Qwest and the CLECs. You spoke about incentives to encourage good behavior. Do you have any comments on how the QPAP affects that relationship?
A. Yes. We believe, as far as the Division, and we believe that it's been working fairly well in the state, that there are monetary incentives or payments that Qwest has to make if they don't meet certain commitments.

We believe that those incentives are providing a clear signal to Qwest that service quality and being able to keep the network open is important so the CLECs can be able to continue to survive. We believe that those have been effective and have worked well at this current time.

And the hope and part of the reason why we stayed with recommending the QPAP was to leave those same type of incentives in place. That if there is some deterioration or degradation in the service quality there's some financial ramifications because of that.

And so we believe that there needs to be some
proper incentives for Qwest -- or, you know, if you wanted to use the CLECs' terminology, penalty. Which -- however, you know, terminology you want to put in there. To help make sure that they do provide good service to CLECs and/or customers throughout the state.

And that's what we're trying to get at as a Division.
Q. You were asked mostly questions about the CLEC relationship, although there were a couple of retail questions sort of worked in. When the Division decided to approve the settlement did it look at things just from the perspective of the CLECs, or does the Division have a broader perspective?
A. With the settlement our perspective was definitely broad, which is what our view is. We need to look at and we try in all instances to look at all customers that are out there: Retail, wholesale, you know.

And our settlement I believe speaks to that, that we were trying to look at it from a broad perspective. And that's what we were hoping to achieve, and I think we did achieve, is a balance that's out there for all consumers in the State of Utah.
Q. Thank you. And a final question. Actually probably a couple final questions. You're not a lawyer, right?
A. No, I never have -- no.
Q. Many of us here are wondering about the wisdom of our career choices right now. But anyway, that aside. As a non-lawyer, your interpretation of how the provisions of the settlement will work with respect to the other provisions of the settlement and law, they're your lay opinions, correct?
A. Correct.
Q. Not legal interpretations?
A. Definitely no legal interpretations. That's my regulatory and public policy understanding, I guess is how you can say it.

MS. SCHMID: Thank you very much.
CHAIRMAN BOYER: Okay. Thank you, Mr. Coleman, you're excused.

So we've got a challenge on our hands now, Mr. Merz. We have -- in fairness, we have to let the four remaining witnesses in this first section give their summaries on the record for sure. Let's start with Mr. Powlick.

MR. MERZ: And your Honor, I have now very limited questions for Mr. Powlick. I may have some
questions for Mr. Hunsucker. I won't have time to do any questioning of the other two witnesses.

CHAIRMAN BOYER: Okay.
MS. SCHMID: The Division calls Dr. Phil Powlick to the stand. I embarrass my witnesses when they have Ph.D.s, I'm proud of them. Could he please be sworn?
(Dr. Powlick was sworn.)
CHAIRMAN BOYER: Please be seated.
PHILIP POWLICK, Ph.D.,
called as a witness, having been duly sworn, was examined and testified as follows:

## DIRECT EXAMINATION

BY MS. SCHMID:
Q. Could you please state your name, by whom you are employed, and your position?
A. My name is Philip Powlick, P-o-w-l-i-c-k. I am the director of the Division of Public Utilities.
Q. Did you prepare and cause to be filed what is identified as DPU Exhibit No. 3.O, the supplemental rebuttal testimony of Philip Powlick?
A. I did.
Q. Do you have any changes or corrections to that?
A. Yes. I found when you have very few days to
prepare testimony you have sloppy typos, so I will correct two that $I$ found this morning in reviewing. On page 4, at line 67. In the middle of the line, between the words "that" and "more" should be the word "a."

And on line 75 , same page. In the middle of the line, between the words "settlement" and "been" should be the word "had."
Q. With those corrections, would your answers to your prewritten testimony be the same today as when submitted?
A. Yes.

MS. SCHMID: The Division moves the admittance of the previously-identified DPU Exhibit No. 3.0, the supplemental rebuttal testimony of Dr. Philip Powlick.

CHAIRMAN BOYER: Any objection to the admission of Dr. Powlick's supplemental rebuttal testimony?

MR. MERZ: No objection.
CHAIRMAN BOYER: It is admitted.
(Philip Powlick Supplemental Rebuttal
Testimony was admitted.)
Q. (By Ms. Schmid) Do you have a briefest summary?
A. I have an extraordinarily brief summary, since I assume the Commissioners probably read these few 9 pages yesterday. In my testimony I responded to the concerns of the Joint CLECs and Integra regarding DPU's participation in negotiations on the settlement. Specifically the failure to invite the CLECs to be involved in that process.

I addressed the reasoning that we had for not doing that. And conceded that, in retrospect, that probably was not a wise course of action. Having said that, our expectation is that it would not have changed the outcome significantly. And that the resulting settlement is, nevertheless, in the public interest of the State of Utah.

I also, of course, respond to a number of the points raised from Minnesota and Iowa. And discuss how they're not really relevant and played no role in our consideration here in Utah. That's all.

MS. SCHMID: Thank you. Dr. Powlick is available for cross examination and questions from the Commission.

CHAIRMAN BOYER: Mr. Merz?
MR. MERZ: Thank you.

## CROSS EXAMINATION

BY MR. MERZ:
Q. Good morning, Doctor.
A. Good morning.
Q. Have you done a comparison of the Minnesota and -- the Minnesota settlement agreement and the Division settlement agreement?
A. I saw the specific document for the first time this morning when you handed it around.
Q. In your supplemental testimony at page 4, line 75, you say -- and I'm paraphrasing here -- that, We were aware of the settlement in Minnesota, but not that the CLECs were challenging that settlement, correct?
A. At the -- that was my understanding at the time. I didn't, yes.
Q. When did you first become aware of the Minnesota settlement?
A. When staff informed me of it. And I couldn't say specifically when that was.
Q. Was it before or after the Division entered into the settlement in this case?
A. It was before.
Q. Did you ask whether the CLECs were supporting that settlement?
A. I did not specifically, no.
Q. When did you first become aware that there were objections that had been made by the CLECs to the settlement?
A. I personally became aware when I read Mr. Gates's testimony.
Q. You were -- well, let me ask you this. Who was --
A. Having said that -- let me finish that -that doesn't mean that our staff weren't aware of that.
Q. Do you believe staff were aware? You just don't know?
A. I can't say.
Q. Who was the lead negotiator for DPU?
A. Hard to say who would be lead. I spoke a lot.
Q. Who else for DPU was involved?
A. Mr. Coleman, Mr. Duncan, Mr. Oman, Ms. Schmid, were the entire team.
Q. At the time the discussions were going on with the Joint Applicants was there consideration given to asking the CLECs to participate in those discussions?

MS. SCHMID: Objection, calls to settlement
discussions.
CHAIRMAN BOYER: Yeah, I don't think that's relevant.

MR. MERZ: I have nothing further, thank you.
CHAIRMAN BOYER: Commissioner Allen? And I have no questions.

Thank you, Dr. Powlick.
Mr. Fenn. Will this be by Mr. Duarte, or?
MR. DUARTE: Qwest calls Jerry Fenn to the witness stand, please.

MR. FENN: I've already been sworn.
CHAIRMAN BOYER: Mr. Fenn? You've been sworn in this case already?

MR. FENN: (Moves head up and down.) JERRY FENN,
called as a witness,
having previously been duly sworn,
was examined and testified as follows: DIRECT EXAMINATION

BY MR. DUARTE:
Q. Good morning, Mr. Fenn. Please state your full name and business address for the record.
A. Jerry Fenn. And my business address is 250 Bell Plaza, Salt Lake City, Utah.
Q. And Mr. Fenn, who do you work for and what is
your position?
A. I work for Qwest, as the president of the Company for the State of Utah.
Q. Now Mr. Fenn, did you previously file direct and rebuttal prefiled testimony, and later testify before this Commission on October 26, 2010?
A. I did.
Q. And Mr. Fenn, did you more recently prepare supplemental response testimony that was filed on Tuesday, November 2nd?
A. I did.
Q. Does your supplemental response testimony have any exhibits?
A. It does.
Q. How many?
A. I think it's A through H.
Q. That's correct. Are any of these exhibits confidential or highly confidential?
A. I believe they're all highly confidential.
Q. And do you have any confidential or highlyconfidential testimony in your supplemental response testimony?
A. I do, on pages 24 through 26.
Q. Do you have any corrections to make to any of your supplemental response testimony?
A. I do not.
Q. Mr. Fenn, are all of your answers in your supplemental response testimony true and correct, to the best of your knowledge?
A. They are.
Q. And finally Mr. Fenn, if I were to ask you the same questions here as those in your supplemental response testimony, would your answers be substantially the same?
A. They would be substantially the same.

MR. DUARTE: Your Honors, we have marked Mr. Fenn's supplemental response testimony as Qwest Exhibit JA Exhibit Highly Confidential Sup R1. And we also will pass out a list of all of our exhibits. And we've also marked the exhibits, which were Highly Confidential Exhibits A through H, we are now marking them as Exhibits HC Sup R1.1 through R1.8.

And with those clarifications, your Honors, Qwest now moves for admission into the evidence in the record of this proceeding both the supplemental response testimony of November 2nd, and the eight Highly Confidential Exhibits R1.1 through R1.8.

CHAIRMAN BOYER: Any objection to the admission of Mr. Fenn's testimony and the highlyconfidential exhibits?

MR. MERZ: No objections.
CHAIRMAN BOYER: They are admitted. (Jerry Fenn Highly Confidential Supplemental Response Testimony and attached exhibits were admitted.)
Q. (By Mr. Duarte) Mr. Fenn, do you have a summary of your testimony?
A. I do.
Q. Can you please present that now?
A. Gladly. Commissioners, I appreciate the opportunity to appear before you today. And I just want to say briefly that the settlements reached with the Division of Public Utilities, the Office of Consumer Services, and the Salt Lake Community Action Program, of which I was involved in negotiating, were freely entered into arms-length negotiations.

And I think they reflect the parties' viewpoint that the merger is in the public interest and it should be approved.

The Commission, I think, should reject the CLECs' arguments about process. They make much ado about nothing, and overstate the rule. The rule is permissive. And if you read the rule, it contains the word "may."

And frankly I think that, with respect to
participation in settlement discussions, the Joint CLECs have participated and continue to participate with the Joint Applicants in settlement discussions.

And frankly, I think that in this case they're -- it's fair what the Commission is doing now. They're allowing them to have their objections noted and giving them adequate due process. And the Commission can give whatever weight it determines is necessary to their arguments.

I think the settlement strikes a balance, Commissioners. I think that there are major compromises in the settlement process. And that the settlement itself benefits and provides stability and protection to all 95 CLECs in the State of Utah on the major issues.

What we've committed to as the Joint Applicants is significant and extensive: The agreements to invest in broadband, to continue OSS for a period of time, the commitments on CMB -- CMP, extension of interconnection agreements, protection against new rates or wholesale charges, continuation of the PAP, and also on pricing stability for low-income customers, all further demonstrate that this merger is in the public interest.

I want to say something about the agreement
to invest $\$ 25$ million in broadband. I think that is a significant commitment. And Mr. Gates is flat out wrong in asserting that our commitment in Utah is significantly less than the commitment in Minnesota based on a per-access-line basis.

In fact, he failed to include the CenturyLink 143,600 lines in his analysis. So actually if you do that, the commitment in Utah is at least as generous as the one in Minnesota based on the number of access lines.

But moreover the $\$ 25$ million commitment, coupled with the agreement to allocate a part of that to deployment and unserved and underserved areas, is an unequivocal commitment.

I don't have a crystal ball to determine what the economy is gonna do, what competition will do, whether capital will dry up, or what other market forces will do.

Even though we feel that our investment strategy should not be managed by a regulatory process we nevertheless, in the spirit of compromise, are willing to, irrespective of the uncertainties in the market, to make a firm commitment to invest.

This settlement is fair --
MR. MERZ: Mr. Chair, it has been more than
two minutes now.
THE WITNESS: -- and we think it's in the public interest.

MR. MERZ: And I did manage to think of a couple questions that $I$ could ask Mr. Fenn in just a couple minutes.

MR. DUARTE: Your Honor, we'll be willing to take an extra two minutes off of our time if that will satisfy Mr. Merz.

CHAIRMAN BOYER: Go ahead, Ms. Schmid.
MS. SCHMID: As will the Division.
CROSS EXAMINATION
BY MR. MERZ:
Q. Mr. Fenn, if you would turn to Exhibit G to your testimony? Your supplemental response testimony?
A. Okay.
Q. I know that this is highly-confidential information. Can you tell me the name of the moderator of this particular call highly-confidential information?
A. The name of the moderator I don't believe is highly confidential.
Q. Okay. And so that's Mr. Robert Tregemba?
A. Tregemba, that's correct.
Q. T-r-e-g-e-m-b-a?
A. Right.
Q. He's a Qwest employee?
A. Right.

MR. MERZ: Nothing further, thank you.
THE WITNESS: That's it?
MR. MERZ: That's it.
CHAIRMAN BOYER: Commissioner Allen?
COMMISSIONER ALLEN: Real quickly, Mr. Fenn.
Since you manage a multi-state area, multi-state company, I'm just curious, is it this Commission's charge, or has it been over the years, to try to coordinate our orders or our concerns with other state activities or other stipulations in other states?

Is it our charge or is it our practice, that you can speak to?

THE WITNESS: Well, I suspect that the Commission communicates regularly with other commissions and staffs in the country. I know particularly, being part of the -- of different organizations, that you would, I suspect, in performing your duties and doing your own due diligence would have those communications.

I assume it's a practice, but I can't speak to having personal knowledge of that fact.

COMMISSIONER ALLEN: If there were
differences in the different states' handling of this existing request for a merger, is there a great opportunity for harm or unintended consequences? Or do you think that the Joint Applicants could manage differences in stipulations and settlements between states, from your view as where things are at this point in time?

THE WITNESS: Well, we have to remember, Commissioner Allen, that we still have an FCC process. And the FCC order may have some applicability across states, which may mitigate some of your concerns that you've just identified.

But I think that the process can be managed. There are complexities in any process like this. But I think they can be managed, and managed quite well.

COMMISSIONER ALLEN: Thank you.
CHAIRMAN BOYER: Mr. Fenn, the Joint CLECs have expressed some concern in their testimony that some of the Qwest processes, the OSS and other processes might be actually more efficient and more effective than those currently used by CenturyLink. And also expressed concerns about the prior Embarq merger, and so on, and so forth.

If we were to approve this transaction should we be concerned that the Joint Applicants, after --
the combined entity might, after the time frames in the various stipulations and so on expire, that the joint operators of the combined entity might fix things that aren't broke?

Replace effective systems with less-effective systems? Should we be concerned about that as Commissioners?

THE WITNESS: Mr. Chairman, I respectfully don't think you should be concerned about that. Because I think one of the things we should not lose sight of here is that it is in the interest of the Joint Applicants to have their wholesale business prosper and grow.

And we have relationships at Qwest with CLECs. CenturyLink has relationships with CLECs. And I think as part of this merger and integration, this -- we have very capable men and women involved in this combined company who will be carefully making decisions going forward. Keeping in mind that one of the objectives we have is to be profitable.

And one of the objectives we have is to serve our customers. And it just so happens that CLECs, while they are our competitors, they are also our customers. And so I think that there isn't a reason to be concerned that somehow that process will be
flawed.
CHAIRMAN BOYER: So you think that self-interest will be sufficient to see that that happens?

THE WITNESS: Well, self-interest as you define it by seeking a return on your investment and growing your business, I think that that's correct.

CHAIRMAN BOYER: Okay, thank you.
Mr. Duarte, any redirect?
MR. DUARTE: No, your Honor.
CHAIRMAN BOYER: Okay. Thank you, Mr. Fenn, you are excused.

Mr. Williams?
We're gonna -- I mean, we're running over a little bit, but we're gonna get these two witnesses on before we break. Is that okay with you, Kelly? Okay. Our reporter is ready, willing, and able to go.

Mr. Williams, you're already sworn in this proceeding?

MR. WILLIAMS: Yes.
***
MICHAEL G. WILLIAMS,
called as a witness,
having previously been duly sworn,
was examined and testified as follows:

## DIRECT EXAMINATION

BY MR. DUARTE:
Q. Good morning, Mr. Williams.
A. Good morning.
Q. Please state your full name and business address for the record?
A. My name is Michael Williams. And my business address is 1801 California Street, Denver, Colorado.
Q. Mr. Williams, who do you work for and what is your position?
A. I work for Qwest, and I'm a senior director in public policy.
Q. Mr. Williams, did you previously file rebuttal testimony, and later testify before this commission on October 26, 2010?
A. Yes.
Q. And Mr. Williams, did you recently -- more recently prepare supplemental response testimony that was filed on Tuesday, November 2, 2010?
A. Yes, I did.
Q. Does your supplemental response testimony have any exhibits?
A. Yes, two exhibits. They're labelled MGW-S1 and MGW-S2.
Q. Are any of these two exhibits confidential or
highly confidential?
A. No.
Q. Do you have any confidential or highlyconfidential testimony in your supplemental response testimony?
A. No, I do not.
Q. Mr. Williams, do you have any corrections to make to any of your supplemental response testimony?
A. To one of the exhibits. Late last night we discovered that the exhibit that contains the transcript pages, we'd gotten the correct pages but we took them from the wrong date. We took them from the 26th of October, and it should have been from the 27 th because we were referring to Mr. Denney's testimony.

And so we replaced those pages with the correct pages from October 27th.

MR. DUARTE: Your Honors, for the record, and I do have and I will pass out those replacement pages. And if you want, we can certainly file an errata with the Commission later this afternoon. But I thought it would be helpful just to pass out those pages.

And for the record, they are from the rough draft transcript. And as we've mentioned in Mr. Williams' testimony, the court reporter was gracious enough to let us use a rough draft, even
though obviously it was a quick turned around, and allowed us to use it for very limited purposes.

And the pages that we have, for the record, are pages 17 and 18,40 and 41,57 and 58 , and 60 and 61. And it's all regarding either the oral summary of Mr. Denney or the cross examination of Mr. Denney. I'll just pass that out now. I'll have Mr. -- my co-counsel do that for me. Thank you.

CHAIRMAN BOYER: I was going volunteer him for you.

MR. DUARTE: Since we are on a tight time frame.
Q. (By Mr. Duarte) Mr. Williams, with that correction about the -- your second exhibit, are all of the answers in your supplemental response testimony and in your exhibits true and correct, to the best of your knowledge?
A. Yes, they are.
Q. And finally Mr. Williams, with the correction you've just discussed, if I were to ask you the same questions here as those in your supplemental response testimony would your answers be substantially the same?
A. Yes.

MR. DUARTE: Your Honor, we have marked

Mr. Williams' supplemental response testimony as Qwest Exhibit J -- I'm sorry, not Qwest. It would be JA Exhibit Sup R3. And it's two exhibits would now be marked as Exhibits Sup R3.1 and Sup R3.2. And we move for admission into the evidence in the record those -that testimony and those two exhibits.

CHAIRMAN BOYER: Any objection to the admission of Mr. Williams' testimony and the exhibits, including this rough draft of certain pages?

MR. MERZ: Yes. The Joint CLECs object to Mr. Williams' testimony beginning at page 6, line 13 , through the end, and the exhibits cited therein.

The basis for our objection is it's beyond the scope of what was intended to be provided in this round of testimony. It's not responsive to Mr. Gates, it's responsive to oral testimony the Commission heard last week. And so we object on that basis.

MR. DUARTE: Your Honor --
CHAIRMAN BOYER: Have you anything to say about that, Mr. Duarte?

MR. DUARTE: Yes, I do, your Honor. We need to be fair here, your Honor. And what's good for the goose is good for the gander. This simply is not fair for Mr. Gates and the Joint CLECs to continually make their arguments, and object when the Joint Applicants
call them on it with competent evidence.
Now your Honors, Mr. Gates in his
supplemental testimony devotes 10 full pages -- from pages 71 through 81 -- in which he goes on and on about that the UPAP is not sufficient to maintain wholesale service quality post-merger. And why he believes the DPU settlement is insufficient and inadequate because it does not contain an APAP condition. And thus why this Commission should not adopt -- or should adopt the Joint CLECs' APAP concept and reject the settlement.

Mr. Williams' testimony responds directly to Mr. Gates' claims starting at the bottom of page 71 of his supplemental testimony that the APAP, which is notably absent in the DPU settlement, would help assure that the merged company maintains full wholesale service quality at current levels and creates disincentives for the merged company to achieve synergies at the expense of competitors.

It is Mr. Williams' testimony and contention that the APAP does not accomplish these goals, and in fact that the APAP goes far beyond those goals. Mr. Williams' response is directly to Mr. Gates' testimony to prove these points, and he provides a specific calculation that backs this up.

I also find it highly ironic, your Honor, that on the witness stand here last Monday Mr. Denney apparently felt it was okay to change his APAP, and to try to come up with what the CLECs now call a "solution" by recalibrating the APAP on the fly. Somehow the CLECs believe that this new evidence is okay.

But when Qwest tried to defend itself with real-world calculations to debunk the APAP and the unfairness of the attempts to essentially what we think is slip a fast one by this Commission, somehow we can't do that.

Your Honor, they had a copy of that exhibit that was stricken from the record last Wednesday. They've had it now for a week. They've been able to see it, analyze it, and they can certainly cross examine Mr. Williams today on that exhibit. And Mr. Williams is obviously prepared to answer those questions.

Finally, your Honor, the Joint CLECs are always fond of citing the Minnesota transcript and that proceeding. I should also note that Mr. Merz made the same objection just last Monday in Minnesota, in St. Paul, and the Administrative Law Judge overruled Mr. Merz's objection.

So your Honor, I think that in all fairness for a complete record this exhibit should be allowed. MR. MERZ: Your Honor, can I be heard?

CHAIRMAN BOYER: Please.
MR. MERZ: The portion of Mr. Williams' testimony that I am talking about now has nothing to do with his spreadsheet, has nothing to do with the testimony that was offered in Minnesota. It begins on line 6 -- I'm sorry, page 6 , line 13 , where he talks about what Mr. Denney testified to at the hearing.

Now, Qwest didn't object to Mr. Denney's testimony at that time. They could have, and we would have hashed it out at that time. But I don't think it's appropriate to be providing responsive testimony here, because I think it's beyond the scope of what we intended this round would be about.

MR. DUARTE: Mr. -- excuse me, your Honor. Mr. Gates here is sitting in place of Mr. Denney. He devotes 10 of his 98 pages of his supplemental testimony to the APAP concept. Even to the point where he gets into the HSR documents to make his points.

Again, we feel that those are unfair attacks about the, you know, the UPAP, and try to bolster the APAP. And they've opened the door, your Honor. And
so it's very fair for Mr. Williams to be able to rebut those with real-world calculations based on the numbers that they provided.

CHAIRMAN BOYER: Have Counsel had an opportunity to review these rough draft transcript pages?

MR. MERZ: The ones that were just handed out?

CHAIRMAN BOYER: Just handed out, yeah.
MR. MERZ: No.
CHAIRMAN BOYER: All right. I'm frankly more concerned about that than the other.

Okay, this is what we're gonna do. We're going to admit the testimony into evidence, but we're going to deliberate over how much weight we give them.

MR. DUARTE: Sure.
CHAIRMAN BOYER: In the interest of fairness. But we don't have time to sort through page by page, line by line, at this point in time.
(Michael G. Williams Supplemental Response
Testimony and attached exhibits were admitted.)

MR. DUARTE: Thank you, your Honor.
Q. (By Mr. Duarte) With that we would ask, Mr. Williams, do you have a brief summary of your
testimony?
A. Yes, I do. My supplemental response testimony addresses Mr. Gates' supplemental testimony in which he finds fault with the DPU's settlement because it does not contain the APAP. He argues that CLECs' Condition 4, which contains the APAP, is "notably absent."

In response I've offered Exhibit MGW-S1, which is based on real-world data that demonstrates why the APAP has no place in any settlement discussion or in any condition associated with the merger because it would significantly penalize the Company, even when post-merger performance levels were exactly the same as pre-merger.

As that exhibit shows, based on 2009 data the APAP would have penalized the Company almost $\$ 390,000$, over seven times what the QPAP was -- charged Qwest for 2009.

And then Mr. Denney's on-stand modification, just to make it clear that that doesn't solve this problem and somehow make it appropriate for a settlement or for a condition. I used the same analysis and looked at that modification and it would still have charged a penalty of $\$ 300,000$. Even though, again, there was no difference in post-merger
performance and pre-merger performance in that analysis.

So the fundamental problem beyond -- the APAP goes beyond what the law requires, which is more of a nondiscrimination requirement, is that it's fatally flawed in the way it attempts to automatically penalize merger-related performance degradation, without any provisions that define, specifically, performance degradation or even define a merger connection. Other than the coincidence of time. And without providing any opportunity to look behind the data to understand the true causes.

So in short, the APAP is a bad plan that is beyond repair and has no place in any settlement or as a condition in a merger.

MR. DUARTE: Your Honors, I have no further questions of Mr. Williams and we would tender Mr. Williams for any cross examination or questions of the Commissioners.

CHAIRMAN BOYER: Mr. Merz, you said you weren't going to ask questions of this witness?

MR. MERZ: I see that I'm out of time so I will waive my cross examination of Mr. Williams.

CHAIRMAN BOYER: Commissioner Allen? Commissioner Campbell? Okay, I have none either.

Thank you, Mr. Williams, you are excused.
Mr. Hunsucker?
MR. ZARLING: Joint Applicants call Mr. Mike Hunsucker.

CHAIRMAN BOYER: Mr. Merz, we will give you a couple of minutes to cross examine Mr. Hunsucker.

MR. MERZ: Thank you.
CHAIRMAN BOYER: -- as you originally indicated.

Mr. Hunsucker, you're still under oath from the prior hearing.

MR. HUNSUCKER: Okay.
MICHAEL R. HUNSUCKER,
called as a witness,
having previously been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION
BY MR. ZARLING:
Q. Morning Mr. Hunsucker. Would you state your full name and business address for the record, please?
A. It's Michael Hunsucker, 5454 West 110th Street, Overland Park, Kansas 66211.
Q. And how are you employed and what is your position?
A. Director of CLEC management. I'm employed by

CenturyLink.
Q. Okay. Did you cause to be filed in this proceeding on November 2nd supplemental response testimony?
A. Yes, I did.
Q. Okay. And does that supplemental response testimony have any exhibits to it?
A. No, I believe it does not.
Q. Actually, I think if you check you'll find that you do have.
A. I do? Okay. Well, I don't have the exhibits in front of me, but okay, it does.
Q. Okay. And do you recall HSR documents perhaps being attached?
A. Yes, that's correct.
Q. Okay. Now, are those exhibits confidential or highly confidential?
A. Yes.
Q. Okay. Do you happen to recall how many exhibits you had?
A. No.
Q. Okay. I'll provide the court reporter with the information. There were three exhibits to your testimony. And let me ask, as to your supplemental response testimony do you -- are there any highly-
confidential portions of your supplemental response testimony?
A. Yes, there is some highly-confidential portions.
Q. Now, as to your supplemental response testimony and highly-confidential exhibits, were those prepared by you or at your direction?
A. Yes, they were.
Q. And do you have any changes to your supplemental response testimony?
A. No, I do not.
Q. And if I asked you the same questions that are in your supplemental response testimony today would your answers be substantially the same?
A. Yes, they would.
Q. And are those answers true and correct, to the best of your knowledge and belief?
A. Yes.
Q. Okay. With that, your Honors, we would move for admission of what we've marked as JA Exhibit HC Sup R2. That's the highly confidential supplemental response testimony of Michael R. Hunsucker. And he does have three exhibits, which have been marked Exhibit HC Sup R2.1 through R2.3.

CHAIRMAN BOYER: Thank you. Any objection to
the admission of Mr. Hunsucker's testimony together with the exhibits?

MR. MERZ: No objections.
CHAIRMAN BOYER: They are admitted.
(Michael Hunsucker Highly Confidential
Supplemental Response Testimony and attached exhibits were admitted.)
Q. (By Mr. Zarling) And Mr. Hunsucker, do you have a brief summary of your supplemental response testimony?
A. Yes, I do.
Q. Would you present that, please?
A. Sure. Good morning Commissioners. In my supplemental response testimony I responded to the Joint CLEC supplemental testimony of Mr. Gates. As Mr. Fenn has already stated, the proposed merger is in the public interest, and therefore CenturyLink believes that no wholesale conditions are warranted.

However, CenturyLink values its relationships with CLECs here in Utah and across the country. And in an effort to provide the certainty to Joint CLECs the Company has agreed to certain wholesale conditions with the Division of Public Utilities.

The Joint CLECs have stated that the settlement is unsatisfactory and insufficient, and we
strongly disagree with that characterization. I'm not gonna take the time to go through the seven areas, but there were seven key areas where we made commitments as part of the settlement with the DPU.

In addition, I have provided examples in my testimony where Mr. Gates has misconstrued statements in the HSR documents in an effort to create the impression of possible harm by characterizing such harm as a logical conclusion of the statements in the HSR documents.

While one may attempt to draw logical conclusions from the documents, Mr. Gates would have the Commission believe that he knows more about CenturyLink's intent of the statements that are compared in there than the Company knows about the intent of the documents, and we were the author of those documents.

I pointed to several examples in my testimony where Mr. Gates has jumped to unsupportable conclusions and where I explain the true intent behind the documents.

In summary, the merger is in the public interest. And CenturyLink stands ready, willing, and able to live up to the conditions in the settlement agreement with the Department of Public Utilities.

That concludes my summary.
MR. ZARLING: And Mr. Hunsucker is available for cross.

CHAIRMAN BOYER: Thank you, Mr. Hunsucker.
Mr. Merz, briefly?
MR. MERZ: Very briefly.

## CROSS EXAMINATION

BY MR. MERZ:
Q. Mr. Hunsucker, if you would refer to your supplemental testimony at page 7?
A. Okay.
Q. And I'm looking at line 12 , where you talk about this situation in North Carolina. And we had some discussion about that when we last met; correct?
A. Don't think you had any discussion with me, I think you had some discussion with Mr. Ferkin.
Q. In all events, you recall that there was some testimony at the last hearing on this subject?
A. Yes.
Q. And you are aware that this North Carolina situation is something that arose in June, thereabouts?
A. That's the way I remember it, yes. That's correct.
Q. And you are aware that it's not yet been
fully remedied, correct?
A. It's my understanding that the majority of that has been remedied. And actually, when you look at our current results year over year, that we've actually shown improvement --
Q. And my question --
A. -- in North Carolina.
Q. -- is different. You are aware that that situation has not been fully remedied? All of the devices that the records were loaded improperly, all of those devices have not been fixed, correct?
A. I'm not sure I know what you mean by "devices." But I personally have no knowledge if every situation has been fixed, but what I do know is that service has improved.
Q. Okay. And you are also aware that there was an issue that arose when CenturyLink converted its billing and operational systems in Tennessee, Virginia, New Jersey, and Nevada, correct?
A. I'm not aware what you're referring to there.

MR. MERZ: Your Honor, I have a document I'd like to mark.

CHAIRMAN BOYER: Let's mark this one as Joint CLECs November 4th Exhibit 2.
Q. (By Mr. Merz) Mr. Hunsucker, do you have in
front of you the document that we've marked as Joint CLECs November 4th Exhibit 2?
A. Yes.
Q. And I'll represent to you that this is a supplemental discovery response provided by CenturyLink in Oregon. Does it look like that's what this is?
A. That's the heading on the top of the page, correct.
Q. And I will, for your counsel's benefit and the Commission's benefit, let you know that the reason I'm using this Oregon response is I don't believe that there's been a supplemental response provided in Utah.

But in all events, can you confirm that this is, in fact, an accurate -- well, let me refer you to this second supplemental response, the date is dated October 28th?
A. Okay, I see that.
Q. You would not have any basis to dispute what Mr. Felz has set forth there with respect to the information regarding the North Carolina, Tennessee, Virginia, New Jersey, and Nevada situations, would you?
A. I would have no reason to dispute. This is the first time I've seen this document, so I have no
ability to agree or dis -- or dispute it. I would assume it's correct.
Q. Mr. Felz is a person who would be in a position to know this information, correct?
A. Yes. I mean, he is the sponsor of this interrogatory, so that would be an accurate representation.

MR. MERZ: Your Honor, the Joint CLECs offer Joint CLECs November 4th Exhibit 2.

CHAIRMAN BOYER: Any objection, Mr. Zarling?
MR. ZARLING: I'm gonna object. Mr. Felz is not a witness here. And although Mr. Hunsucker says he may be an individual that would be responsible here, he's not a witness. He's not sworn.

I don't know under what conditions these data requests were provided in Oregon -- the data request responses, so I don't think there's really a foundation for introducing this particular response.

MR. MERZ: Well, and this same response has been provided in a number of jurisdictions. I have no idea why it hasn't been provided in Utah. The information would be the same in every state.

MR. DUARTE: Your Honor, I think we've been a little bit busy since October 28th. I mean, that was the day after the hearing, so. And, you know,
preparing testimony. So I don't know what aspersions he's trying to cast, but $I$ think that would be my response.

MR. MERZ: I'm not casting any aspersions. I'm just saying that we received this in at least three different jurisdictions.

CHAIRMAN BOYER: Well, I don't think we have a proper foundation for it, but we'll let it in and give it appropriate weight. So it is admitted.
(Joint CLECs November 4 Exhibit 2 was admitted.)
Q. (By Mr. Merz) In your supplemental testimony at lines 7 -- I'm sorry, page 17, line 20? You say that Mr. Gates -- I'm sorry line 18. You say that Mr. Gates offers no evidence of why elimination of duplicative functions would have an impact, correct?
A. Correct.
Q. Qwest and CenturyLink have their own ICA negotiations teams; is that right?
A. That's correct.
Q. Those are duplicative functions, correct?
A. They are duplicative to the extent that we would be negotiating with the same set of carriers, yes.
Q. Qwest and CenturyLink both have regional
centers that serve CLECs, correct?
A. That's correct.
Q. Those would be duplicative functions,
correct?
A. They would be duplicative in some instances, yes.
Q. And Qwest and CenturyLink each have their own OSS?
A. Correct.
Q. And it is the Company's desire to get -- to have only one OSS ultimately, correct?
A. The Company desires to move to one OSS for our CLEC customers, that would be a correct statement.

MR. MERZ: I have nothing further. Thank you, sir.

And I appreciate the Commission's allowing me to have an additional bit of time.

COMMISSIONER BOYER: Thank you, Mr. Hunsucker.

Questions, Commissioner Allen? Me neither.
Any redirect, Mr. Zarling?
MR. ZARLING: None, thank you.
CHAIRMAN BOYER: Okay. Thank you,
Mr. Hunsucker, you are excused.
We'll take a ten-minute recess and then we'll
hear from Mr. Gates.
MR. DUARTE: Your Honor, I won't have the entire allotted 70 minutes, so if you want to take 15 minutes that would be fine with us.

CHAIRMAN BOYER: Okay, very well.
MR. DUARTE: We'll still be finished before noon.

CHAIRMAN BOYER: Let's take 15 minutes.
(A recess was taken from 10:53 to 11:09 a.m.)
CHAIRMAN BOYER: Okay, we are back on the record. And we're gonna hear now from Mr. Gates.

MR. MERZ: Yes. Joint CLECs would call Timothy Gates to the stand.

CHAIRMAN BOYER: Mr. Gates, you're still under oath.

MR. GATES: Yes, thank you.
CHAIRMAN BOYER: You may proceed, Mr. Merz. TIMOTHY GATES,
called as a witness,
having previously been duly sworn, was examined and testified as follows: DIRECT EXAMINATION

BY MR. MERZ:
Q. Sir, you are the Timothy Gates that has -(The reporter asked Counsel to speak up.)
Q. (By Mr. Merz) Mr. Gates, you're the Timothy Gates that has previously appeared in this proceeding; is that right?
A. Yes, I am.
Q. And you prepared supplemental testimony that's been filed in this proceeding, correct?
A. Correct.
Q. That testimony has been marked as Exhibit Joint CLECs-2SP; is that correct?
A. Yes.
Q. And that includes as exhibits, Exhibit Joint CLECs-2SP. 1 through Exhibit Joint CLECs-2SP.4; is that correct?
A. Yes.
Q. And there are both public and confidential versions of that testimony; is that correct?
A. That's correct.
Q. Do you have any corrections to your testimony?
A. No, I do not.
Q. Is the information contained in your testimony true and accurate, to the best of your knowledge?
A. Yes, it is.

MR. MERZ: Your Honor, the Joint CLECs offer

Exhibit Joint CLECs 2SP, and 2SP. 1 through 2SP. 4.
CHAIRMAN BOYER: Thank you. Are there any objections to the admission of Mr. Gates' testimony, together with exhibits?
(Multiple parties respond in the negative.)
CHAIRMAN BOYER: Okay, it is admitted then.
(Timothy Gates Supplemental Testimony and attached exhibits were admitted.)
Q. (By Mr. Merz) Mr. Gates, have you prepared a brief summary of your testimony today?
A. Yes, I have.
Q. Would you please provide that now?
A. Yes, thank you. Good morning.

CHAIRMAN BOYER: Good morning.
THE WITNESS: My testimony shows that the proposed settlement between the Division and the Joint Applicants is not in the public interest. The settlement does not address all of the potential harms that could come from the merger.

And what few conditions are included are woefully inadequate. And do not protect, let alone maintain, the public interest. The settlement does not also maintain the status quo, or provide the certainty that competitive carriers and their customers need in the marketplace.

My testimony shows the problems with the various sections in the settlement agreement and provides information from hearings in Minnesota on those very same provisions. And I also recommend ways to resolve those problems in my testimony.

There's no point to a semantic argument about status quo. To the Joint Applicants' customers, the CLECs, the status quo is simply the ability to have the same services at the same prices and the same service quality and systems as they have today with Qwest.

That's what the proposed conditions are meant to accomplish. And your Honors, more than a third of the proposed conditions simply require the Joint Applicants to abide by existing laws, rules, and regulations.

But the Applicants claim that the Joint CLECs are trying to change the status quo. That is not true. They begin those statements with comments like, Absent this merger. Or, If we take this merger out of the equation. Then they continue, The companies would remain subject to the same regulatory obligations and laws as today.

I completely agree with that, but we can't take this merger out of the equation. The one thing
in this proceeding that affects the status quo is this merger. The proposed conditions are meant to provide stability and continuity in the face of the integration period where all these changes are gonna take place over the next few years.

The Joint CLECs are seeking a period of stability and certainty in the availability, quality, and provision of wholesale services. And they depend on those services to provide these competitive services in Utah.

Finally, my testimony addresses the HSR documents. And I have them here, they will be in the record. And these documents support the CLEC conditions and show that the conditions are absolutely necessary. They provide insights into the impacts on the wholesale segment of the merged company, on their operations, on the intentions of the merged company.

And there are statements in there about head count, revenues, OSS, integration planning, customer retention, and strategic focus in these HSR documents. And all of those comments and statements support the CLECs' conditions.

Unfortunately, but not surprisingly, this proposed settlement does not solve all of those problems. And that concludes my summary. Thank you.

MR. MERZ: Thank you, Mr. Gates.
The witness is now available for questioning.
CHAIRMAN BOYER: Okay. Thank you, Mr. Gates.
Which of you will be conducting the cross examination?

MR. DUARTE: Well, I will for the Joint
Applicants, but Ms. Schmid will go first.
CHAIRMAN BOYER: Okay. Ms. Schmid?
MS. SCHMID: I have very few questions, in light of the time.

## CROSS EXAMINATION

BY MS. SCHMID:
Q. Good morning.
A. Good morning.
Q. By whom are you hired to give testimony in this proceeding?
A. By the Joint CLECs.
Q. Do you know that the Division has broader responsibilities than just to CLECs, but has responsibilities to retail customers and others as well?
A. Absolutely.
Q. Do you know if broadband is under the jurisdiction of the Utah Commission?
A. I don't believe it is.
Q. Thank you. So then you would agree with me that the Utah Commission, on its own, could not just order -- absent an agreement could not just order Qwest/CenturyLink to invest in broadband in Utah?
A. I think that would require a legal conclusion on my part. But from a lay perspective, I would agree. The point of our testimony is simply that the agreement is woefully inadequate and falls short of what they would do in any case.
Q. But you don't work for Qwest or CenturyLink so you don't know exactly what their plans in the future would be; is that correct?
A. I don't know exactly. That's why we've had to depend on discovery in these HSR documents to try to understand. We've certainly asked, and asked, and asked. And we're always -- we always get the same response: We haven't made those decisions yet. We don't know. I don't have a crystal ball.

Those sorts of answers. So we're all kind of in the dark. And that's why conditions are absolutely necessary to protect against the disasters we've seen in the Northeast with FairPoint, and Hawaiian Tell, and Frontier, et cetera, et cetera.
Q. Does a settlement between the DPU and the Joint Applicants prohibit a settlement with the CLECs
and the Joint Applicants?
A. Again, that might require a legal distinction, but I don't think it would. Although I think the DPU settlement prohibits further negotiations of the parties.

For instance, when I saw the settlement I thought, Okay, this might be a good starting point, you know, to get in there and provide some input had the Division asked CLECs to be involved. But the agreement, as written, prohibits that.
Q. But the agreement does not prohibit the Joint Applicants and the CLECs from continuing to talk, does it?
A. It doesn't prohibit it. But what it does, your Honors, is it puts a thumb on the scale. It changes the negotiation metrics. It takes away incentives to negotiate with the CLECs. And our concerns about the settlement is that it's just -it's terribly inefficient. It's very vague.

And I think we heard this morning, I'm not sure the Division understands completely what it's even meant to accomplish. So trying to enforce something like that is going to be difficult at best.

MS. SCHMID: I think that his answer is going far beyond the scope of the question.

CHAIRMAN BOYER: Well, it does seem responsive to me.

MS. SCHMID: Those are all my questions.
CHAIRMAN BOYER: Thank you.
Mr. Duarte?
MR. DUARTE: Yes, your Honor.
CROSS EXAMINATION
BY MR. DUARTE:
Q. Morning, Mr. Gates.
A. Good morning.
Q. Sir, you personally have not been involved in the settlement negotiations between the Joint Applicants and the Joint CLECs on behalf of your clients; is that correct?
A. I have not been involved personally, no.
Q. Would you agree with me that there have been numerous formal settlement conferences in various states between the Joint Applicants and the companies that are known as the Joint CLECs, correct?
A. I understand there have been meetings that have been overseen by commissions, and some informal ones as well.
Q. And sir, you do understand that in Oregon, for example, that there have been at least five formal settlement conferences?
A. I don't know that.
Q. Have you heard that?
A. I'm not sure. I know there have been settlement conferences, I'm not aware of the number.
Q. And have you heard whether the settlement conferences, for example, started as early as August, this past summer?
A. I don't have a time frame in mind for those.
Q. You haven't heard anything like that at all?
A. No, I'm not aware of the dates for those conferences.
Q. And you would agree with me that so far there have been no settlements as a result of those settlement conferences that have been moderated by the various commission staffs; is that correct?
A. You mean a physical -- I mean actual settlements that have derived from those?
Q. Yes, sir.
A. I'm not aware of any.
Q. Okay. And you agree with me that, without naming names, the Joint Applicants have met face-to-face with some of your CLEC clients individually to negotiate settlement issues?
A. I don't know that.
Q. Well, have you heard that from your
discussions with your clients?
A. I'm aware that there have been discussions in hallways, and back offices, and meetings, airports. I, I don't know.
Q. Okay. Again, sir, without naming names, you have heard that there's been individual, face-to-face meetings that have taken place at some of your clients' headquarters; isn't that correct?
A. I've heard testimony to that effect, that there were some meetings where people dropped in and had discussions.
Q. And in fact you've heard discussions from various sources that some of these sessions have actually been multiple-day settlement meetings at company headquarters; is that correct?
A. I don't know that.
Q. You may not know that, but have you heard that from any of your clients, in all of your discussions here in your various activities on this merger?
A. No, I have never heard of multiple-day settlement meetings. Not that that would surprise me, I just haven't heard that.
Q. Okay. And you wouldn't be surprised if discussions are ongoing even as of today, for example?
A. What I've found is that settlement negotiations occur with or without good faith intentions to settle because it looks like the right thing to do.

And as I mentioned before, by having these agreements in Iowa, Minnesota, and Utah, that it puts the finger on the scale and takes away incentives for the Joint Applicants to be more reasonable in their conditions.
Q. And sir, you would agree with me, then, that the Joint Applicants have actually settled with at least some CLECs, correct?
A. Yes.
Q. And, for example, they've settled with the CLECs in Iowa?
A. Some of the CLECs that were involved in that case.
Q. Certainly. And you agree with me that the Iowa Utilities Board recently approved that settlement and approved the merger application; is that correct?
A. I don't know that.
Q. You don't know, okay. And you agree with me that the CLEC known as 360 networks settled with the Joint Applicants throughout the entire Qwest ILEC region; is that correct?
A. Yes, I've heard that.
Q. And 360 was one of the so-called "Joint CLECs"?
A. I'm not certain it was.
Q. So you don't know what companies you have represented in the past?
A. Let me -- well, there's a list. And -- are you talking specifically about Iowa?
Q. I'm talking about 360.
A. I know. In which case?
Q. 360 throughout the Qwest ILEC region was my question.
A. Oh. Well, that -- then I guess that's a good question, because the way this is done not all CLECs have operations in every state. So some of our clients are involved in some states and not others. Charter, for instance, was involved in four. Integra was involved in, I think six or seven. PAETEC in two or three.

So I'm not --
Q. Who's --
A. -- sure which states 360 was involved in.
Q. Okay. I'm not trying to make this
complicated, sir. All I'm asking is for you to agree with me that 360 has been denominated as at least one
of the Joint CLECs that you've represented, not necessarily in Utah, but throughout your work on this merger; is that correct?
A. And that's what I'm saying, I'm not certain without looking at my Iowa testimony.
Q. Okay. But 360 actually intervened in more than just Iowa; is that correct?
A. I'm not certain.
Q. So you just don't know if you ever represented 360 as part of your Joint CLEC activity?
A. That's right.
Q. Okay.
A. And if -- because they settled, you know, relatively quickly in Iowa, I'm not certain if they were on that piece of testimony or not.
Q. Not to beat a dead horse here, but they settled more than just Iowa, right? They settled throughout the Qwest region? I just want to make -the record to be clear.
A. $\quad \mathrm{h}, 360$ ?
Q. Yes.
A. Yes. They had very limited concerns and settled nationally, if you will.
Q. Okay. Now sir, at page 6 of your supplemental testimony you opined that the DPU may
have reached a settlement because it did not want to file rebuttal. Do you remember that testimony?
A. On page 6, where I say it's likely that negotiating a settlement at the same time as developing testimony may have been a pressing issue for the Division, like it apparently was for Minnesota? Yes, that's my testimony.
Q. Okay. And you read Mr. Powlick's testimony that he was offended by such a suggestion and that such a suggestion is insulting. Did you read that?
A. I read some -- I read those comments in his testimony. But then again, had we had the hearings last week when we were here we would have had information, perhaps, about that settlement process that we could have addressed.

I think it's interesting that both in Minnesota and in Utah the parties reached agreement on the very day that testimony was due. On the very same terms and conditions. And so we just don't know.
Q. So --
A. And we weren't allowed to ask any questions, so we just don't know.
Q. So now that you've heard from Mr. Powlick you would agree with me that you don't have any evidence to support that claim, correct?
A. I think we don't know.
Q. My question is, do you have any evidence to support that, sir.
A. Well, I said "may." May have been a pressing issue. Knowing how busy the Commission staffs are, having to file testimony and review all this record is pressing. I don't know if that had any impact on their willingness to settle with the Joint Applicants or not.
Q. And that's why, sir, I'm asking you the question that you don't have any evidence to support that supposition; is that correct?
A. That's right. I don't think there's anything -- that's correct.
Q. Okay, thank you. At page 8 of your supplemental you state that you expect the Joint Applicants were telling the DPU that the Joint CLECs were being difficult. Do you recall that testimony?
A. Yes, I see that at the bottom on page 9.
Q. And Mr. Powlick has testified that was not the case; is that correct?
A. I believe that's true. Although -- and again, I don't know. I wasn't there.
Q. Okay.
A. But I saw that testimony, yes.
Q. And you don't have any reason to doubt Mr. Powlick telling the truth?
A. No. I don't, I don't think he addressed specifically what I was addressing here. But, you know, I accept his comments for what they are. That gentleman was there, and Dr. Powlick should know what occurred.
Q. So your comment about that you suspect that they were -- you expect that the Applicants were telling the DPU that the CLECs were being difficult was based on your just pure speculation; is that correct?
A. It's not based on speculation at all, its based on the record in Minnesota.
Q. But we're not in Minnesota, are we, sir?
A. No, we're not. But we have the almost exact same settlement agreement in Utah as we had in Minnesota, which was based on Iowa, which was -- I mean, I see the strain here. If you take those two documents and put them next to each other, they're almost identical.
Q. So that's sufficient for you to then speculate that that is exactly what happened, that the Joint Applicants told the DPU the CLECs were being difficult; is that correct?
A. I did not say that's exactly what happened. I was making the suggestion that that may have happened because that is what happened in other states.
Q. Okay. But you don't have any evidence that that did happen in fact?
A. No. No, I don't.
Q. The evidence is contrary, correct?
A. No. We didn't have the hearing last week, so we weren't able to get involved in that. And also today we weren't allowed to do any cross on the negotiation, so we have no way to prove that up.
Q. Well, I think we can disagree as to whether you were allowed. I think there was a time constraint, but that was of your own doing.

But sir, will you agree with me then that, at least as to the DPU's concerns, that they have been met, based on the testimony of Mr. Coleman and Mr. Powlick, that their concerns that they raised in their rebuttal testimony and surrebuttal testimony -or the rebuttal testimony have been met through this settlement, correct?
A. Well, of course. I mean, they -- that's why they signed off on it. But that doesn't mean the settlement is in the public interest --
Q. That was not my question, sir.
A. -- or actually takes care of the concerns -MR. DUARTE: Your Honor.

THE WITNESS: -- raised by other parties.
CHAIRMAN BOYER: Yeah, I think --
MR. DUARTE: It's getting to the point where --

CHAIRMAN BOYER: -- we understand where you're going, Mr. Gates. But if you would just confine your answers to the question asked, it would be very helpful. Mr. Merz will have an opportunity to redirect.

MR. DUARTE: Thank you, your Honor.
Q. (By Mr. Duarte) Now, you discuss quite a bit the fact that there are many similarities between the Minnesota DOC settlement and the Utah settlement. But you don't have any evidence to show that the DPU simply rubber-stamped the Minnesota DOC settlement, correct?
A. I don't know what you mean by "rubberstamped," but the language is almost identical. Right down to the numbering of the paragraphs, the punctuation, the verbiage. Other than the few nuances I mention in my testimony, it's almost identical.

So to suggest that the DPU and the Joint

Applicants came up with this out of whole cloth and just kind of -- amazingly it became exactly the same, almost exactly the same as Minnesota? No, I don't, I don't accept that.
Q. But you accept the fact that the issues are very similar that have been raised by testimony that, in fact, has been copied and pasted throughout the ILEC region. And, therefore, that those concerns that were addressed in Minnesota were the kind of concerns that the DPU would be concerned about, correct?
A. Yes, that's correct.
Q. And in fact, just to be fair, we don't have an exhibit which is the actual Utah settlement before you, so -- I think Ms. Schmid was gonna go ahead and mark that.

I do have a signed copy. And I thought that, just for fairness and for a complete record, and to avoid Ms. Schmid having to file it supplemental later on, we'll just go ahead and pass it out. Just so that you have -- everybody has the actual settlement. It has been filed with the Commission but has not been admitted into the testimony.

MS. SCHMID: And so while he's doing that, I had prepared an exhibit of the stipulation. However, that can be ignored and this used in its stead,
please. And that's what you will find on your desks in front of you.
(Pause.)
CHAIRMAN BOYER: What would you like to call this, Mr. Duarte?

MR. DUARTE: We will call this Joint Applicants November 4 Exhibit 1.
Q. (By Mr. Duarte) Now sir, you've reviewed both the Minnesota settlement and the Utah settlement, correct?
A. Yes.
Q. And you agree with me that there's evidence that the DPU negotiated changes to the settlement agreement in the DPU settlement from the Minnesota settlement?
A. Yes, there are some differences.
Q. Now, at page 9 of your supplemental testimony you say that -- you argue that the Iowa agreement states that it cannot be cited as in evidence in other proceedings; is that correct?
A. Yes.
Q. Now, without getting into a debate as to what that really means, you do agree with me that DPU has itself has never cited the Iowa settlement as supportive of its settlement here in Utah, correct?
A. I, I believe that's true. Although we have, in the testimony, awareness of the Iowa settlement.
Q. My question wasn't about awareness. My question, sir, if you could just follow my question, is you agree with me that the DPU has never cited the Iowa settlement as supportive of its settlement here in Utah?
A. That's true. And I don't think they cited the Minnesota settlement either. That doesn't change the fact.
Q. Sir, let's talk for a little bit about broadband. Now, you agree with Mr. Coleman that the DPU needs to balance the interest of both the Joint CLECs and the Joint Applicants, correct?
A. Well, I certainly don't disagree with his understanding of their mission, so. I believe they have an important balancing act, yes.
Q. So if you don't disagree, can we say that then you agree?
A. Well, your statement was general. I don't disagree with his understanding of their duty to the state.
Q. Okay. Well, you agree with me that the DPU is the keeper of the public interest here in Utah, correct?
A. Yes.
Q. Okay. They don't have any economic self-interest here, do they?
A. No.
Q. But you agree that the CLECs have their own economic self-interest; wouldn't you agree with that?
A. Yes, all the parties would have a private interest.
Q. Now, you agree with Mr. Coleman at pages 4 and 5 of his testimony that because the broadband market in Utah is competitive, Qwest, without Commission-ordered commitments to invest, has spent significant amounts to remain a viable broadband competitor, correct?
A. I do agree with him, and that's what contradicts the validity of the settlement.
Q. Okay. Well, you agree with me, sir, that absent a commitment or a condition in this merger proceeding Qwest is not obligated to make any particular broadband investment, correct?
A. It's not obligated to. But as Mr. Coleman stated -- and I agree with him completely -- it must make those investments, investments to survive, I think is the --
Q. Sir, I think we can agree -- I'm sorry, I
didn't mean to interrupt.
A. If I could finish? So those investments are going to occur, and I believe at a much higher level than what the Division has agreed to.

MR. DUARTE: Your Honor, he's doing it again. I asked him to agree that Qwest is not obligated. We all can agree that Qwest needs to do that to be -remain economically viable in the competitive marketplace.

But my question to him was, is Qwest obligated. And instead of answering my question he has to then give his own speech. And I just object to that kind of -- he did it last week, and I just -- at this point I think it's not appropriate.

CHAIRMAN BOYER: Mr. Duarte has a good point here. If you could just restrict yourself to the question asked.

And then, just as a way of editorial comment from myself. We understand you are a vigorous advocate and so on. But it actually, from a finder of fact perspective, it actually diminishes credibility when one continues to editorialize farther. At least in my humble opinion.

Mr. Duarte?
MR. DUARTE: Yes, sir. Thank you, your

Honor.
Q. (By Mr. Duarte) And the Commission cannot force or compel Qwest to make any particular broadband investment, correct?
A. That's a legal issue, but that's my understanding generally.
Q. And the Commission can't force or compel Qwest to make any particular -- to expend any particular amount; is that correct?
A. Yeah, I think my answer would be the same.
Q. Or to invest in unserved or unserved (sic) areas; is that correct?
A. Yes. Those are all subparts of the same question.
Q. Sir, let's talk a little bit about copper retirement. You made a comment on page 30 , lines 3 and 5 of your testimony. And you say that:
"At the same time, there is nothing to prevent the merged company from continuing to retire copper loops, thus further reducing the availability of network facilities that CLECs rely upon to provide competitive broadband services."

I kind of slowed down so I could hopefully be
able to have the court reporter do it. That is a correct quotation; is that correct?
A. Yes, it is.
Q. Thank you. Now, you're not suggesting by this statement that Qwest is not complying with the FCC sections in the Code of Federal Regulations when it retires copper, are you?
A. No.
Q. Okay. And you are aware that when Qwest retires copper Qwest posts to a website a notification to the CLECs, as required by the FCC?
A. I'm aware of notifications.
Q. And you are aware that Qwest posts it on a public website?
A. I don't know that.
Q. Okay. And you are aware that Qwest sends a certification of public notice of network changes to the FCC; is that correct?
A. I'm not certain.
Q. Will you agree with me, sir, that if a CLEC has an issue or a complaint with any particular copper retirement it has the right to file a complaint with the FCC, correct?
A. Yes. Although I'm not familiar with all the process.
Q. And sir, you don't know whether when Qwest retires copper it's a result of either a mandated relocation of facilities, such as by -- triggered by a road project, or to mitigate a maintenance problem where the copper might have deteriorated. You don't know that at all, do you?
A. I wouldn't know why Qwest would retire copper in a particular area.
Q. Okay. And sir, you are aware that the federal rules that you cite are specific to copper retirement related to fiber to the home and fiber to the curb?
A. Which rules, sir?
Q. Actually, I guess you didn't cite that. For the record, I will cite to 54 CFR Sections 51.325 to 51.335. Are you familiar with those rules?
A. I don't have them in front of me and I didn't have them in my testimony, so I'm only generally aware of them. So I don't know.
Q. Now, let's talk briefly about the QPAP. You agree with me, sir, that the DPU has supported the notion of eliminating QPAP Tier 2 payments, correct?
A. Yes.
Q. And you agree with me that your client, Integra, has agreed to the elimination of Tier 2
payments in the State of Idaho?
A. I don't know that.
Q. Do you know -- are you aware that the Idaho Commission recently approved Qwest's petition to eliminate Tier 2 payments in Idaho?
A. No.
Q. Let's talk a little bit about ICA extensions, or interconnection agreement extensions. You agree with Mr. Coleman -- and I will refer to page 12 , lines 272 and 273, although from previous discussions with Mr. Merz I'm not sure if maybe there might be a page difference. But I believe the line difference -line references are correct. Mr. Coleman says that:
"As of today, Qwest has the ability to negotiate ICAs with CLECs as they expire."

You agree with that statement, don't you?
A. I'm just looking for that statement.
Q. Sure. I'll give you time.
A. Did you say page 12 ?
Q. I have it as page 12,272 and 273 for the lines.

MR. MERZ: And I think the lines are probably correct.

MR. DUARTE: The Lines I think are, the page
might be different.
THE WITNESS: Mine's the same as yours.
Q. (By Mr. Duarte) Okay. So you agree with Mr. Coleman's statement that:
"As of today, Qwest has the ability to negotiate ICAs with CLECs as they expire"?
A. Yes.
Q. And you criticize the various, I'll call them "buckets," or I think we call them "bands," of 12,24, and 36 months for ICA extensions, don't you?
A. Yes. I think we could have come up with a -just one time frame. That's a criticism in general.
Q. Okay. But you agree with me that, absent any commitment or condition in this merger, Qwest can seek to terminate an ICA that's already in evergreen status today, correct?
A. It could. And the CLEC could as well.
Q. Okay. And you agree that Qwest has the legal right to terminate an ICA whether or not a merger takes place, absent some kind of voluntary commitment or a forced condition?
A. I would defer to the ICA conditions, but I believe that's common in all of them.
Q. Okay. And sir, Qwest could decide to
terminate an ICA for one company with an evergreen ICA, and yet decide not to seek to terminate an evergreen ICA of another company, correct?
A. It could do that, yes.
Q. Okay. Now sir, you -- also in the conditions that you have attached to your testimony you've advocated for a five-to-seven-year term for ICA extensions. But you'll agree with me that you've never seen an ICA with an express term of seven years, have you?
A. I have not.
Q. Okay.
A. I don't know if one exists, but I haven't seen one.
Q. And we've already established that you've testified that three years for ICA extensions is reasonable, correct?
A. Are you referring to Nebraska, where I said at least three years in that legislative proceeding?
Q. Yes, sir. And I believe you also testified to it last week, but I just want to make sure that you agree with me for the record.
A. Well, I stand by my testimony. But yes, at least three years, absolutely.

MR. DUARTE: That's all I have, your Honor,
thank you.
CHAIRMAN BOYER: Thank you.
Commissioner Allen? Commissioner Campbell?
Let me just ask you a question or two if I might, Mr. Gates. You were here this morning when I asked Mr. Fenn about, well, a question regarding the Joint CLECs' concerns about what might happen if this merger were approved, and after the time frame stipulated to expire in terms of replacing systems and processes with some that may or may not be as efficient as those currently used by Qwest.

And Mr. Fenn answered that it was in -- it would be in the combined entity's interest to operate efficiently and properly -- not exactly those words -but what do you say to that? Is that a sufficient motivation to make sure that they use the optimal processes and systems available to them?

THE WITNESS: I believe they do have an incentive to be efficient, but not necessarily for things that are required of them by their competitors.

So the wholesale OSS, do they really care whether that is efficient? No. Not necessarily. Because it benefits them if they don't update, and expand, and improve the wholesale system? It saves them money, first of all. And on the other side of
the coin, it disadvantages competitors.
So that's why any changes required should go through CMP and should be third-party tested. And it's not so much changing the system, your Honor, that we're concerned about. We just want to make sure that whatever they change to is, indeed, better. And has been tested. To make sure that there aren't any customer-impacting problems.

CHAIRMAN BOYER: Okay, thank you. Now, do you disagree, then, with the testimony that has been given, well, at least in the earlier part of this case last week --

Well, I think you've already answered the question. Okay, thank you very much.

THE WITNESS: Thank you.
CHAIRMAN BOYER: Redirect, Mr. Merz?
MR. MERZ: I don't have any redirect questions, thank you.

CHAIRMAN BOYER: Okay, thank you.
THE WITNESS: Thank you.
CHAIRMAN BOYER: Mr. Gates, you are excused.
Now, are there any other matters that we need to attend to before we adjourn?

MR. DUARTE: Your Honor, I think we do want to discuss post-hearing briefs. And I think we --

Mr. Merz and I have sort of a general understanding, but I understand from Ms. Schmid that she has concerns about what we sort of are ready to propose. And so I just wanted to get that on the record and have some guidance from the Commissioners.

We -- Mr. Merz and I think Ms. Schmid is okay with one simultaneous brief, but I think it's the timing. And, you know, as you know, your Honors, we really have been trying to expedite this process, and hope -- we've asked to get an order by the end of the year.

And so we would like to have the -- "we" meaning the Joint Applicants -- certainly filed before Thanksgiving, because that will give the Commission a month or more -- whatever time it needs to render its decision.

Mr. Merz and I had agreed to Friday, two weeks from tomorrow, but apparently Ms. Schmid has some concerns about that.

MR. MERZ: And your Honor, just for my own part. I agree with what Mr. Duarte has just said, but November 19th would be the earliest that we believe that we could put together a brief that would be useful.

I don't -- I haven't talked with Ms. Schmid 627
directly about the timing of this. But to the extent they feel they need more time, we would be supportive of that as well. And believe we would probably benefit from more time also.

CHAIRMAN BOYER: Ms. Schmid -- by the way, Ms. Schmid, has Mr. Ginsberg's replacement been hired yet?

MS. SCHMID: Yes, he has, and he is on vacation at the moment. He will begin his employment with the Division on the 15th. His name is John Zidow. We poached him from the DOT Attorney General group. And we're very much looking forward to having him aboard.

CHAIRMAN BOYER: All right. Let's hear your concerns on the -- I should say at the outset that we typically don't ask for post-hearing briefs. But we -- but if you think it's useful, it may, because this is fairly complicated and the record is quite voluminous at this point in time. So we're at least open to talking about it.

MR. DUARTE: Your Honor, and that's one reason why we decided -- or talked about just having one simultaneous. I mean, the record is pretty extensive. We sort of know what each other is gonna say.

We think that we can do it in one -- and we would actually propose some page limits, if that would be helpful for the Commission.

CHAIRMAN BOYER: Yeah, let's talk about pages right now first, and then that may help Ms. Schmid.

MR. DUARTE: Well, we were thinking 25 , 30 pages. To be concise and really force the parties to kind of get their high points in. We have 1,200 pages in the record, and that's quite a bit. It's bigger than any case I've ever handled in regulatory law. So we think that perhaps the Commissioners will want us to get to the point.

CHAIRMAN BOYER: Ms. Schmid, the timing?
MS. SCHMID: Timing, I believe it would be helpful to have the transcript from today's hearing available. And I know that the court reporter has been involved in many hearings. And I do not know her schedule, but I believe that November 19th is too soon. At least for me.

With the upcoming MPA hearings that have been scheduled for the -- December 6th and I believe the next week, the earliest $I$ could commit to having a brief -- and I recognize the Division's brief will be much more limited in scope because of the settlement than perhaps other parties' -- would be December 5th.

And that would be contingent upon having the transcript for perhaps a week before that. And I am sensitive to the parties' needs to get it done quickly. However, while the Division does have a second attorney coming on board, he's not here yet, and he has not practiced this kind of law.

CHAIRMAN BOYER: Let's ask our reporter. Kelly, what would your timing be on transcribing the record in this case? Because I know you have some other cases because I've seen you there typing away for the last few weeks.
(The reporter asked to go off the record.)
CHAIRMAN BOYER: Let's go off the record and talk about your schedule.
(A discussion was held off the record.)
CHAIRMAN BOYER: We're back on the record. We've had a side-bar conversation with the court reporter and the transcription of this record will not be available until about the 18th or -- about the 18th of November or 19th of November.

And Ms. Schmid has indicated that she'd like to see the transcript before preparing a brief. I think that makes sense to all of us.

MR. DUARTE: Your Honor, we're very sensitive to both the court reporter and Ms. Schmid's agency and
her schedule. The only comment I would make is, you know, for the most part, based on the briefs that I filed after hearings, you know 80 to 90 percent of what you're gonna cite anyway is gonna be from the prefiled testimony.

You also can get a rough draft. And Kelly has been great about getting us rough drafts of the testimony from the first two days. And so it would seem to me that, that we shouldn't have to wait too long -- too much longer after the official transcript has been transcribed.

And so we would hope that you would take that as a consideration because we do think that, you know, with the rough drafts, with knowing what went on, with the prefiled testimony, I think you can probably prepare most of your brief and then plug in the page cites, you know, when they come in.

MR. MERZ: And could I just be heard? I mean, I think we need the final transcript in order to prepare the brief, otherwise it just adds an additional layer of work.

And so, you know, if we get the transcript on the 19th, the next week is Thanksgiving. And then Ms. Schmid is saying that I think somewhere toward the end of the next week.

You know, there's a hearing scheduled in Washington in the first week in January. They're looking to close their merger by the first of June.

The difference between the 19th of November and the 5th of December is insignificant in the grand scheme of this. But for purposes of getting a brief done that will be useful to you, it's very significant.

MS. SCHMID: And the Division, to get the brief done by December 5th, will make -- and Division's counsel will make some substantial sacrifices. And we are willing to do that. However, a date before then is quite impracticable, just to be blunt. And I'm sorry to be blunt, but here we go.

CHAIRMAN BOYER: All right. Well, let's do this then. We will accept simultaneous post-hearing briefs in this case. Page limited to -- the suggestion was 25 or 30 . I was thinking 25 pages, but there's not much difference between that and 30.

Anyone have strong feelings one way or another on Mr. Duarte's --

MR. MERZ: I was gonna ask for 50 , so 30 would be better than 25.

CHAIRMAN BOYER: Thirty pages.
MR. DUARTE: Thirty is fine with us.

CHAIRMAN BOYER: Okay, so 30 pages, due the end of business on December 5th.

MS. SCHMID: Thank you.
MR. DUARTE: Your Honor, December 5th is a Sunday, so should we do the 3rd -- Friday the 3rd?

MS. SCHMID: No. I would prefer to have the weekend to work.

CHAIRMAN BOYER: Let's do it Monday the 6th.
MR. DUARTE: The 6th. We're fine with that,
your Honor.
CHAIRMAN BOYER: Okay, anything else?
MR. MERZ: Nothing further.
CHAIRMAN BOYER: Well, thank you all for your professional manner in which you conducted yourselves, and thanks to the witnesses. We are adjourned.
(A discussion was held off the record.)
CHAIRMAN BOYER: I adjourned, let's un-adjourn for a moment. Did we put into evidence the stipulation?

MR. DUARTE: You know --
CHAIRMAN BOYER: Joint Applicants November 4 Exhibit --

MR. DUARTE: I think we distributed it. That's my fault, your Honor. If we can go back on the record and just --

CHAIRMAN BOYER: We are. We are back on the record.

MR. DUARTE: Your Honor. We now move to admit as Joint Applicants November 4th Exhibit 1 a file copy of the settlement between the Joint Applicants and the Division of Public Utilities into the record.

CHAIRMAN BOYER: Any objection to the admission of the settlement stipulation?

MR. MERZ: No.
CHAIRMAN BOYER: Okay, it is admitted. (Joint Applicants November 4 Exhibit 1 was admitted.)

CHAIRMAN BOYER: All right, now we are adjourned. Thank you all.
(The hearing was concluded at 11:52 a.m.)

## C E R T I F I C A T E

STATE OF UTAH
COUNTY OF SALT LAKE

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\text { ) } \mathrm{ss} .
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This is to certify that the foregoing proceedings were taken before me, KELLY L. WILBURN, a Certified Shorthand Reporter and Registered Professional Reporter in and for the State of Utah.

That the proceedings were reported by me in stenotype and thereafter caused by me to be transcribed into typewriting. And that a full, true, and correct transcription of said proceedings so taken and transcribed is set forth in the foregoing pages, numbered 486 through 634, inclusive.

I further certify that I am not of kin or otherwise associated with any of the parties to said cause of action, and that I am not interested in the event thereof.

SIGNED ON THIS 17th DAY OF November, 2010.

Kelly L. Wilburn, CSR, RPR Utah CSR No. 109582-7801


Kelly L. Wilburn, CSR, RPR


Kelly L. Wilburn, CSR, RPR


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| 569:12, 576:6 | $573: 6,583: 8,583: 9$ | 632:4, 632:19 | $613: 14,626: 25$ | $\text { DOC }_{[2]}-613: 16$ |
| :---: | :---: | :---: | :---: | :---: |
| 583:18, 583:23, <br> 589:7, 600:4, 600:11 |  |  | discussed [3] - 495:24. 520:6. 576:20 |  |
| 603:7 crystal [2] - 568:15, | $\begin{gathered} \text { definitely [2] } \\ 550: 25,556: 16 \end{gathered}$ | 571:1, 571:5, 615:16 | ion [9] | docket [3]-499:13, |
| 601:18 | Definitely ${ }_{[1]}$ | 505:22, 514:2 | 2:1 | - 561 |
| curb [1] - 621:12 | 55 | 515:13, 515:1 | 589:14, 589:1 | document [6] - |
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| 18, 578:17, | 555:22, 583:7, 583:9 | 538:8, 540:14 | 63 | 21, 591:1, 591:25 |
| $\begin{aligned} & \text { 555:18, } 578: 17,590: 4 \\ & \text { customer }[4] \text { - } \end{aligned}$ | $\begin{aligned} & \text { degree }[2]-528: 24, \\ & 533: 25 \end{aligned}$ | $\begin{aligned} & 540: 17,541: 1 \\ & 542: 4,548: 23, \end{aligned}$ | $\begin{array}{r} \text { discussions }[20] \text { - } \\ 507: 18,508: 2,508: \end{array}$ | documents [31] |
| 55 | ```deliberate [1] - 581:15 demands [1] - 504:23 demonstrate [1] -``` | 55 | 508:10, 541:20, | 493:13 |
| 599:19, 626:8 |  | $571: 1,590: 8,593$ $623: 1$ | $543: 21,548: 2$ $549 \cdot 25,562$. | 3:16, 493:1 |
|  |  | 62 | 549:25, 562:2 | 23, |
| impacting [1] - 626:8 customers [16] - |  | $\begin{gathered} \text { difficult }[4]- \\ 610: 18,611: 10 \end{gathered}$ | $\begin{aligned} & 562: 24,563: 1,567 \\ & 567: 3,605: 1,605: \end{aligned}$ | $\begin{aligned} & \text { 494:5, 494:7, 494: } \\ & \text { 494:15, 494:20, } \end{aligned}$ |
| 500:17, 500:2 | $\begin{aligned} & \text { 567:23 } \\ & \text { demonstrates }{ }_{[1]} \text { - } \end{aligned}$582:9 | 611:25 <br> Digital [1] - 541:3 | 605:11, 605:12 | 5:3, 495:9, 495:10, |
| 515:7, $515: 12$, $515 \cdot 15,551 \cdot 4,551 \cdot 9$ |  |  | $\begin{aligned} & \text { 605:19, 605:2 } \\ & 622: 10 \end{aligned}$ | $\begin{aligned} & \text { 534:22, 580:21, } \\ & \text { 585:13, 588:7, } \end{aligned}$ |
| $\begin{aligned} & \text { 515:15, 551:4, 551:9, } \\ & 556: 5,556: 18, \end{aligned}$ | 582:9 <br> Denney [5] - 576:6, | diligence [1] - 570:22 | 622:10 | $\begin{aligned} & 585: 13,588: 7, \\ & 588: 10,588: 12, \end{aligned}$ |
| 567:23, 572:22 |  | $\begin{aligned} & \text { diminishes [1] - } \\ & 618: 21 \end{aligned}$ | 578:18 | 588:16, 588:1 |
| 572:24, 594:13, 597:25, 598:7, $600: 20$ | $\begin{aligned} & \text { 579:2, 580:10, 580:18 } \\ & \text { Denney's }[3] \text { - } \end{aligned}$ | Direct [2]-496:11, | 591:24, 592 | $\begin{aligned} & 588: 21,599: 12, \\ & 599: 13,599: 20, \end{aligned}$ |
| $\begin{aligned} & \text { 597:25, 598:7, } 600: 20 \\ & \text { cuts }[1]-501: 9 \end{aligned}$ | $\begin{aligned} & \text { Denney's [3] - } \\ & \text { 575:14, 580:11, } \\ & \text { 582:19 } \\ & \text { denominated }[1] \text { - } \\ & 607: 25 \end{aligned}$ |  | $\begin{array}{r} \text { 591:24, } 592 \\ \text { distinctio } \end{array}$ | $\begin{aligned} & 599: 13,599: 20, \\ & 601: 14,611: 20 \end{aligned}$ |
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| D |  |  | distinguish [1] | ne [8]-505: |
|  | 607:25 denominator [1] - | $\begin{aligned} & \text { 499:23, 518:9, } \\ & 533: 19,551: 24,564: 4 \end{aligned}$ | 519:2 | $533$ |
| $\begin{aligned} & \text { dark }[1]-601: 20 \\ & \text { data }[5]-582: 9, \end{aligned}$ | Denver [1] - 574:8 <br> Department [1] - | DIRECT <br> EXAMINATION [6] - | 633: | 632:10 |
|  |  |  | is | or [1] - 580:2 |
| 592.15, 592 | $\begin{array}{\|l\|} \hline \text { 588:25 } \\ \text { deployment }[1] \end{array}$ | 497:6, 558:13 | 496:14 | T [1] - 628:1 |
| 592:15, 592:16 |  | 563:19, 574: | 498:14, 498:20 | oubt [1] - 61 |
|  | 568:13 | $\begin{aligned} & \text { 584:17, 595:22 } \\ & \text { direction }[1]-586: 7 \\ & \text { directly }[3]-578: 12, \end{aligned}$ | 499:20, 500 | down [3] - 563:1 |
| $\text { dated [1] - } 59$ | derived [1] - 604:17 <br> described [1] - |  | $\begin{aligned} & 500: 12,501: 1,501: 4, \\ & 502: 3,503: 14,504: 9, \end{aligned}$ | $\begin{array}{\|c} \text { 613:22, 619:2 } \\ \text { download }[1] \end{array}$ |
| $\begin{aligned} & \text { dates }[1]-604: 10 \\ & \text { days }[2]-558: 25 \text {, } \end{aligned}$ | $\begin{aligned} & \text { 521:19 } \\ & \text { desire }[1]-594: 10 \end{aligned}$ | $\begin{aligned} & \text { 578:23, } 628: 1 \\ & \text { director }[2]-558: 18, \end{aligned}$ | $\begin{aligned} & 512: 14,512: 18, \\ & 512: 25,513: 3, \end{aligned}$ | 507:19 |
| $\begin{aligned} & \text { 631:8 } \\ & \text { dead }_{[1]}-608: 16 \end{aligned}$ | desired [1] - 500:3 <br> desires [1]-594:12 | 574:11 <br> Director [1]-584:25 | $514: 18,515: 2$ | $515: 18,516: 1$ |
|  |  |  | 519:14, 525:6, | 533:9, 533:23, 534:5, |
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