

Suite 2300 1300 SW Fifth Avenue Portland, OR 97201-5630

Mark Trinchero 503.241.2300 tel 503.778.5299 fax marktrinchero@dwt.com

February 22, 2011

Annette Taylor Filing Center Public Utility Commission of Oregon 550 Capitol Street NE Suite 215 Salem, OR 97308-2148

Re:

In the Matter of CenturyLink, Inc., Application for Approval of Merger between CenturyTel, Inc. and Qwest Communications International, Inc.

Oregon PUC Docket UM 1484

Dear Ms. Taylor:

Enclosed for filing in the above referenced proceeding as supplemental authority in support of the post-hearing briefs previously filed by the Joint CLECs are: 1) Request for Comments/Status Report and Notice of Commission Meeting in Minnesota Public Utilities Commission Docket No. PA-421, et al./PA-10-456, *In the Matter of the Joint Petition for Approval of Indirect Transfer of Control of Qwest Operating Companies to CenturyLink*; and 2) an excerpt of the transcript of "PUC Deliberations –February 2, 2010" before the Minnesota Public Utilities Commission in Minnesota Public Utilities Commission Docket No. PA-421, et al./PA-10-456, *In the Matter of the Joint Petition for Approval of Indirect Transfer of Control of Qwest Operating Companies to CenturyLink*. The deliberations of the Commissioners commence on page 67 of the transcript and continue through page 105. Pages 91 through 94 of the transcript is particularly pertinent to the proposed additional conditions relating to wholesale service issues addressed in the post-hearing briefs of the Joint CLECs.

The original plus 1 copy of this letter will be sent via UPS overnight.

Very truly yours,

Davis Wright Tremaine LLP

Mark Trinchero

Enclosure



STATE OF MINNESOTA PUBLIC UTILITIES COMMISSION

February 14, 2011

To:

Interested Parties

Docket No.

P-421, et al./PA-10-456

In the Matter of the Joint Petition of for Approval of Indirect Transfer of

Control of Qwest Operating Companies to CenturyLink

From:

Burl W. Haar by M. E. O.

Executive Secretary

Subject:

(i) Request for Comments/Status Report

(ii) Notice of Commission Meeting

Background

On February 10, 2011, the Commission met to deliberate issues regarding the Qwest-CenturyLink merger. At that meeting the Commission decided to table the matter until March to allow the interveners and petitioners an opportunity to engage in negotiations and to allow the Commissioner of the Minnesota Department of Commerce an opportunity to comment on the proposed merger.

(i) Request for Comments/Status Report

The Commission seeks comments from the parties regarding the status of negotiations, the result of any negotiations, and the status of merger proceedings in other states in Qwest's service area. The Commission also seeks comments from the Commissioner of Commerce regarding the Commissioner's position as to whether the merger is in the public interest. Parties should file their comments and/or status reports by February 25, 2011.

Page 1 of 2

(ii) Notice of Commission Meeting

All interested parties are notified that the Commission will meet at 9:30 a.m., on Thursday, March 3, 2011, in the Commission's Large Hearing Room, 3rd Floor, 121 7th Place East, St. Paul, Minnesota for further consideration of this matter.

If you have any questions regarding this matter, please call Kevin O'Grady at (651) 201-2218 or Marc Fournier at (651) 201-2214.

This document can be made available in alternative formats (i.e., large print or audio tape) by calling us at (651) 201-2202 (voice) or through the Minnesota Relay Service at 1-800-627-3529 (TTY relay service) or 7-1-1 for those with hearing and/or speech disabilities.

CERTIFICATE OF SERVICE

I, Margie DeLaHunt, hereby certify that I have this day, served a true and correct copy of the following document to all persons at the addresses indicated below or on the attached list by electronic filing, electronic mail, courier, interoffice mail or by depositing the same enveloped with postage paid in the United States mail at St. Paul, Minnesota.

Minnesota Public Utilities Commission REQUEST FOR COMMENTS/STATUS REPORT & NOTICE OF COMMISSION MEETING

Docket Number P-421, et al./PA-10-456 Dated this 14th day of February 14, 2011

/s/ Margie DeLaHunt

First Name	Last Name		Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Michael	Ahem	aham.michael@dorsey.co m	Dorsey & Whilney, LLP	10	Electronic Service	Yes	OFF_St_10456_CC- Service List 1
eilut	Anderson	Julia.Anderson@state.mn.u s	Office of the Attorney General-DOC	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_10456_CC- Service List 1
Тhomas	Bailey	tbailey@briggs.com	Briggs And Morgan	2200 IDS Center 80 S 8th St Minneapolis. MN 55402	Electronic Service	Yes	OFF_St_10456_CC- Service List 1
Karly	Baraga Werner	bагада.каг іу@ dогѕеу.com	Dorsey & Whilney, LLP	50 S 6th St Ste 1500 Minneapolis. MN 55402-1498	Electronic Sarvice	Yes	OFF_St_10456_CC- Service List 1
Diane C.	Browning	diane.c.browning@sprinl.c om	Sprint Nextel	KSOPHN0212-2A411 6450 Sprint Pkwy Overland Park, KS 66251	Paper Service	Yes	OFF_SL_10456_CC- Service List 1
Linda	Chavez	linda.chavez@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 55101-2198	Electronic Service	Yes	OFF_SL_10456_CC- Service List 1
Karen L.	Clauson	kidauson@integratelecom. com	Integra Telecom	6160 Golden Hills Drive Golden Valley. MN 55416	Electronic Service	Yes	OFF_St_10456_CC- Service List 1
Cathy	Clucas	cathy.ducas@embarq.com	Embarq Minnesola, Inc.	30 E 7th St Ste 1630 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_10456_CC- Service List 1
Gregg M.	Corwin	gcorwin@gcorwin.com	Gregg M. Corwin & Associate Law Office, P.C.	1660 S. Highway 100, Ste 508E St. Louis Park, MN 55416-1534	Electronic Service	Yes	OFF_SL_10456_CC- Service List 1
Sharon	Ferguson	sharon.fergusson@state.mn .us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	Yes	OFF_SL_10-456_CC- Service List 1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Marc		marc.foumier@state.mn.us Public Utifities Commission	Public Utilities Commission	Suite 350121 7th Place East	Electronic Service	Yes	OFF_SL_10-456_CC- Service List 1
				St. Paul, MN 551012147			
Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul. MN 551012147	Electronic Service	Yes	OFF_SL_10456_CC- Service List 1
K.G.	Halm	ксћајт@дм.сот	Davis Wright Tremaine LLP Suite 200 1911 Was DC 200	Suite 200 1919 Pennsylvania Avenue Washington. DC 200063402	Electronic Service enue	Yes	OFF_SL_10456_CC- Service List 1
JoAnn	Hanson	joann.hanson@qwest.com	Owest Corporation	Room 2200 200 South Fifth Streat Minneapolis. MN 55402	Electronic Service	Yes	OFF SL 10456_CC- Service List 1
John	Lindell	agorud.ed@state.mn.us	Office of the Attorney General-RUD	900 BRM Tower 445 Minnesota St St. Paul. MN 551012130	Electronic Service	Yes	OFF SL 10456_CC- Service List 1
Dan	Lipschultz	lipschultzd@moss- barnett.com	Moss Barnett	4800 Wells Fargo Center Electronic Service 90 South Seventh Street Minneapolis. MN 55402	Electronic Service et	Yes	OFF_SL_10456_CC- Service List 1
uesng	Masterton	susan masterton@centuryi CenturyLink nk.com	CenturyLink	315 S. Calhoun Street, Ste 500 Tallahassee, FL 32301	Electronic Service	Yes	OFF_SL_10456_CC- Service List 1
Gregory R.	Merz		Gray, Plant, Mooty	80 South 8thStreet, Ste 500 Minneapolis, MN 55402	Electronic Service	Yes	OFF_SL_10456_CC- Service List 1
Michael R.	Moore	michael.moore@charlerco m.com	Charler Communications, Inc.	12405 Powerscourt Drive St. Louis, MO 63131	Electronic Service	No	OFF_SL_10456_CC- Service List 1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Barbara L.	Neilson	ra.Neison@state.mn.	Office of Administrative Hearings	PO Box 64620 St. Paul. MN 551640620	Electronic Service	Yes	OFF SL_10456_CC- Service List 1
Brian	Мжол	briannixon@dwl.com	Davis Wright Tremaine	Suite 200 1919 Pennsylvania Avenue NW Washington, DC 20006	Electronic Service enue	Yes	OFF_SL_10456_CC. Service List 1
Kevin	O'Grady	S.	Public Utilities Commission	Suite 350 121 7th Place East St. Paul. MN 55101	Electronic Service	Yes	OFF_SL_10456_CC- Service List 1
Cristina	Рапа Непега	ထုarraherrera@gထာလက်.ထ m		1660 S. Hwy. 100, Suite 508E St. Louis Park, MN 55416	Electronic Service	Yes	OFF_SL_10456_CC. Service List 1
Greg	Rogers	NIA	Level 3 Communications, LLC	1025 Eldorado Blvd. Denver. CO 80021	Paper Service	No	OFF_SL_10456_CC- Service List 1
Scott	Rubin	scott j.rubin@gmail.com	Scott J. Rubin	333 Oak Lane Bloomsburg. PA 17815	Electronic Service	Yes	OFF_SL_10456_CC- Service List 1
Kenneth A.	Schifman	kenneth.schilman@sprint.c om	Sprint	6450 Sprint Parkway KSOPHN0212-2A303 Overland Park, KS 662516105	Paper Service	Yes	OFF_SL_10-456_CC- Service List 1
Ann	Seha	seha.ann@dorsey.com-	Dorsey & Whitney	Suite 1500 50 South Sixth Street Minneapolis. MN 554021498		No	OFF_SL_10456_CC- Service List 1
Janet	Shaddix Elling	jshaddix@janetshaddix.co m	Shaddix And Associates	Ste 122 9100 W Bloomington Frwy Bloomington, MN 55431		Yes	OFF SL 10-456_CC- Service List 1
Michel	Singer Netson	mnelsan@360.net	360networks (USA) Inc.	370 Interfacten Bivd. Suite 600 Broomfield. CO 80021	Paper Service	No	OFF_SL_10-456_CC. Service List 1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
James M.	Stranmen	jstrommen@kennedy- graven.com	Kennedy & Graven, Chartered	470 U.S. Benk Plaza 200 South Sixth Street Minneapois. MN 55402	tectronic Service	ON.	OFF_SL_10456_CC- Service List 1
Jason	Торр	jason.topp@qwest.com	Owest Corporation	200 S 5th St Ste 2200 Minneapolis, MN 55402	Electronic Service	Yes	OFF_St_10456_CC- Service List 1
Robert J.V.	Vose	гузе@кеппеду- grayon.com	Kennedy & Graven, Chartered	470 U.S. Bank Plaza 200 South Sixth Stree Minneapolis, MN 55402	Electronic Service	No	OFF_SL_10458_CC- Service List 1
Charles G.	Watkins, III	gene.walkins@cbeyond.net	gene.walkins@cbeyond.net Cbeyond Communications, Suite 500 1LC Parkway, 8 Atlan GA 303:	Interstate North SE nta,	Electronic Service	Yes	OFF SL_10456_CC- Sevice List 1

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PUC DELIBERATIONS - FEBRUARY 10, 2011

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

OF THE STATE OF MINNESOTA

In the Matter of the Joint Petition for Approval of
Indirect Transfer of Control of Qwest Operating Companies
to CenturyLink

PUC DOCKET NO: P421,et.al./PA-10-456

OAH DOCKET NO: 11-2500-21391-2

February 10, 2011

CD TRANSCRIBED BY: Janet Shaddix Elling,

Registered Professional Reporter

adding that reference to underlying databases with the understanding that I think has been made crystal clear here through the questioning of Commissioners Pugh and Wergin that what this language does would give us the same level of access to flow-through and e-bonding. And with that understanding, I don't want to hold this thing up over language that I think at the end of the day we ought to be able to agree to.

CHAIR BOYD: All right. Okay. Anything else? No? Last call.

All right. Let's move on to deliberate, then.

Commissioner O'Brien.

COMMISSIONER O'BRIEN: Mr. Chair, Members of the Commission. The reason I did not particularly participate in fine-tuning this agreement is that I'm stuck further up the upstream. As Vice President Biden said to President Obama on the eve of health care legislation, this is a really big deal. Now, he used some modifiers that I'll avoid.

But this is a big deal. This is tens of billions of dollars. And by statute and law we are charged with the obligation to approve or disapprove

based on public interest. And I'm going to be coming back to public interest a lot in these comments. But the first contextual observation is a lot of money, a big deal.

The first contextual observation, and I'm going to have some contextual observations but I'm going to bring them back into this docket. The first contextual observation is that 30, 40 years ago a federal judge busted up Ma Bell. Congress and the FCC have kind of fine-tuned it, but it was that large it was considered to be in violation of the antitrust laws.

Now, I know that this merger has passed Department of Justice scrutiny, but we should not assume that because it's big, it's good. In this industry we have a record of big leading to higher prices, average service, and lack of innovation.

Can anybody doubt that in the last couple of decades we've had a revolution because of the competition in the marketplace? Prices have come down, we have a lot better quality, a lot more service options. So let's not say because this is a big deal and because we're going to create a third largest CLEC, that's something to embrace. It isn't.

So now what does that mean on this

Well, big will prevail. That's the nature record? 1 They have a lot of muscle. We heard and 2 of biq. have been -- we spent the last hour, 45 minutes, on 3 the operating system, critical to this enterprise 4 going forward with the competitors. We need to keep 5 in mind that the national policy was to allow these 6 CLECs to grow and thrive and compete. When you 7 bring a very large player into this market, that is 8 a real threat. Access charges for Sprint are of the 9 same nature and notice. So let's just keep that in 10 mind. 11

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A second observation is social compact. Minnesota is a northern liberal state. I know that we have newspaper stories about a \$6 billion budget gap, but, in fact, we are spending almost \$18 billion in this fiscal year. 75 percent of that goes to education and health care. That is a big investment.

We have to have a wage structure to support that investment because we have high taxes. Qwest had about 29,000 employees, of which 14,000 were union members. CenturyLink has about 20,000 employees, of which 3,700 are union members. They are in a culture that allows for limited investment in public education and health care, that has lower

wages, and with those two advantages they get more access to capital. Access to capital allows them to be the acquirer rather than being acquired. It's a fact.

Again, let's put it in context. We are about to begin the 150th anniversary of the Civil War. Some of the South viewed that as a War of Northern Aggression. Other commentators view that as a class of culture. I know slavery was a big issue, but slavery doesn't encompass all of that conflict, it was culture as well.

In the recent few years, Northern legacy industries have been moving from Minnesota to the South. Northwest Airlines is now headquartered in Delta -- in Dallas. Or excuse me, Georgia, Delta. Ford Motor is soon closing a plant while the South is building car plants. And now Qwest is going to Louisiana. Again, that's not a reason to approve or disapprove, but it's context. And we have seen cultural sparks that are -- that we are not used to.

The first would be the dust-up we had a couple of days ago on trade secret. Platitudes on mergers that you can find in any book are elevated to the status of trade secret. Now, they have the right to do that, but we should not lose sight of

the fact that we are dealing with hyperaggressive perspective. Investment reduction is advertised as enhancement. Again, they have the right to do that, it's a question of emphasis, but we're on notice of a culture clash.

The most troubling contextual observation that precedes my views on this is the lack of a record with respect to public interest. Ordinarily, of something this big, this important, we'd have public agencies, the Department of Commerce, attorney general, weighing in, putting on facts and records, challenging the assertion of public interest. That is missing from this record.

What we have is what other states have done. Not all, but others. The ALJ said it's okay, but, again, it wasn't a litigated fact. There wasn't a contrary view of public record -- or public interest. And the Department of Commerce says it's okay.

Well, I don't know. Here's the problem the Communication Workers were put into. Unions represent less than 7 percent of the American work force. I've been a labor relations lawyer for more than 40 years. They are struggling to maintain relevance. They had an offer pre-approval, and I

suspect they were afraid of what a post-approval position would be so they made a -- I suspect, I don't know this, a tactical decision to try to steer the bus rather than to challenge public interest.

In any event, unions don't represent the public interest in the full scope of what we have to do, they have an important part of it. The intervening CLECs do not represent the public interest, they have a business perspective they're trying to hold onto. But there is no organized institutional challenge to this significant merger and that's troubling to me.

Well, are there some public policy reasons to oppose this? Sure. Reduced investment in broadband, both as to the fact, but more importantly how it was presented. Lower credit ratings. Again, that's in the record, we have lower credit ratings in this new merged entity. Two of the three have failed, we're on notice, there may be failure. We have a legacy industry that is going to bear the burden of the \$600 million of synergy.

In the 1930s, Willie Sutton was robbing banks. He was asked why he was robbing banks and he replied, That's where the money is. That's where the savings are. They're here. And we're going to

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see those synergies in increased cost and reduced service. But, mostly, we don't have a sufficient record.

Now, I'd like to talk about the elephant in the living room, something that hasn't been articulated. We have a challenged business model. Qwest is losing 10 percent of landlines a year. so they hire investment bank or bankers, probably more than one, to get out and see what they can We haven't looked at all the deals they looked at, we've looked at the first one. they're going to merge with a company that's got the same phenomenon, losing business lines, and somehow that is going to create economies of scale. Economies of scale don't address the root cause of They don't. They simply postpone it. this problem.

The elephant in the living room is a suspicion that we have to do this deal 'cause something bad will happen if we don't. Well, where is the record evidence on this? There isn't any. We operate as if there is urgency to this, we gotta get it done, we have to do it, it's time sensitive, we're going to be hyperaggressive on every issue. With what record?

In my view, deals that are inexorable,

that are compelling, move at a deliberate pace and the speed of pace and the urgency is not something that comforts me, it is a red flag.

I believe we have three options. Reject it, the public policy is conclusionary, is not supported in the record and we should not allow it to go forward on this big of a transaction. A second option, we could use our prior precedent, we could bring in experts. We could give the parties the opportunity to cross-examine our experts and present their own experts and develop a public policy record. A third option would be to table this for a while and allow at least the new commissioner to take a look.

I think that when we are about to lose a legacy industry, we should at least have some minimal public record to support that beyond other states have done it and Department of Commerce says it's okay and the other parties that have intervened have cut their deals with the exception of a few CLECs.

That is not public policy, that's not how it should be formed, and I have substantial reservations as to the wisdom of this transaction.

Thank you.

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CHAIR BOYD: Comments?

Commissioner O'Brien, do you want to offer a motion based on your feelings or would you rather wait?

COMMISSIONER O'BRIEN: Well, you know, as I sat here this morning I saw people jumping into the deal without really -- I mean, it's kind of fun to put together the finishing touches on a 19, 20 billion dollar deal. And I couldn't get into that 'cause I wanted to make sure that we had the right public interest in mind.

So I am always trying to find consensus, and I suspect that -- that we haven't had a lot of questions or -- or interest in public -- in looking critically at public interest. I think that others have reached different conclusions and I want to be respectful of those conclusions, so I prefer to wait and see whether I can find some other support for my thoughts.

CHAIR BOYD: All right. Appreciate that. Commissioner Pugh.

COMMISSIONER PUGH: Mr. Chair, I'll address the concern actually that I had.

In questioning on Tuesday I was -- the representative from the Department of Commerce,

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whether or not the new commissioner had, in fact, reviewed this matter and was aware of the position that the Department was, in essence, advocating for approval before us. That was of some concern. And I almost asked on Tuesday to see if they could get a letter saying he was okay with it, coming back today.

But today there was further information and that is with the development of the OSS issue, which I find to be very important, and how that is shaping in -- it appears to be shaping in the best way possible for CLECs in the states that act latest on the issue.

Now, granted, many of the states that have approved this are CenturyLink states that didn't have a Qwest presence previously, in any event, but Arizona, Washington, Oregon and Minnesota have shared certain commonalities with issues facing Qwest. I know several years ago Qwest sought forbearance on certain issues before the FCC, and Minnesota posed that request along with Arizona, Washington and Colorado, I believe, not Oregon. So we did have common interest in certain issues.

Arizona is going to conclude their ALJ

report in a couple of weeks, so in terms of waiting for something to develop, I don't know that we have a deadline of February 10th in which to act. I might be open to setting our decision back awaiting further comment from the new Commissioner of Commerce and perhaps watching to see the exact language that develops in at least Arizona, but perhaps Arizona, Washington and Oregon, in that they're all kind of going to happen in March, well before the June closing.

So with respect to that issue, I might share some interest in what Commissioner O'Brien is -- has presented. And I'll reserve comments on anything else until we see what the rest of the panel feels like on that issue.

CHAIR BOYD: Thank you. Others?

really not there on delaying and there are actually several reasons. While it might seem as though it's been a hurried decision, there has been -- there is, in fact, a very large record associated with this docket. Many hearings, of course all the briefs and rebuttals and surrebuttals and objections and all the other words that come in there. And there has been -- there really hasn't been anyone along the

way or any agency or any entity that has said do not let this merger go forward. The ALJ didn't go there, the FCC didn't go there, the Department of Justice didn't go there, numerous states didn't go there, albeit there are differences between states, so I don't -- I don't weigh our judgment on what another state does. I weigh it on what's good in Minnesota, and I think that goes to the ALJ's record.

And I -- I see the public interest having been discussed throughout the record with the ALJ. As you look at each point that the ALJ makes a recommendation or a conclusion, she addresses the public interest in nearly every one. And so while I have concerns, there is no doubt about that, I will freely and quickly say I have concerns, I don't think that they are concerns that would warrant not moving ahead. I think with some of the things that we've done this morning and perhaps a couple of suggestions as we go through the issues, I do see us having as complete a record as we probably could get. So that's where I'm coming from.

CHAIR BOYD: Commissioner O'Brien.

COMMISSIONER O'BRIEN: Before CWA withdrew they entered evidence in the record that

the CenturyLink acquisition of Embarq resulted in a number of serious operational, service-affecting problems in North Carolina. Including workers being dispatched to incorrect locations for service, workers being dispatched for service with insufficient or incorrect information, longer out of service periods, longer delays of initiating service, differing and confusing software that dispatches and assigns technicians, systems do not appear to be interconnected or coordinated, negative impacts on work flow, inefficiencies in the new systems, consumer frustration about installation, and service appointments not being met and long hold times.

The challenge of integrating and running Qwest with its unique obligations comparatively, enormous customer base, wholesale responsibilities and complex OSS is particularly daunting and far beyond anything CenturyLink has faced to date. And when we get the complaints, when they come in, we can't say we relied for our public policy determination on what the other states did, we can't say we relied on the ALJ, we relied on the Department of Commerce. They all concluded without telling us the factual basis for those conclusions.

That's where I'm getting at. We don't know the factual basis. There is no evidence in the record testing public interest. They are conclusions of the public interest. And I think that's an important point.

COMMISSIONER WERGIN: Mr. Chair,

Commissioner O'Brien, when I read the part about the service that you just quoted to us, that gave me a great deal of pause reading that there were service issues, there were interconnection issues, there were mistaken dispatches, there were significant issues. And I was -- I spent quite a bit of time thinking about that because this is huge and those are things that you don't want to see happen.

against with that particular piece is that any time there's a merger, there are hiccups. And I'm not dismissing how important those service issues are by saying hiccups, I'm just saying no matter what merger you would look at you would find things that happen that are unpleasant in the merger. And one of the best examples I can give of that is that I serve on a board of directors where we have taken individual locations within the same corporation and implemented one database, one system of record

accountability, and the number of hiccups, glitches, incidents, have been significant, and that was with one entity meshing its own systems.

And so in a -- I would prefer that we had no system errors, no dispatch errors, anything like that, but I don't know that in any merger, whether it be two smaller CLECs, I don't know that we wouldn't see any of that. What sort of nullified that for me or sort of comforted me with that is that the CWA did ultimately settle. And my -- I would suspect that as part of the discussion with that settlement, those issues that they indicated are very important were, at the very least, strongly discussed.

COMMISSIONER O'BRIEN: Yes, of course.

Mr. Chair, of course, this was their position and their case was settled so we can't rely on these facts, I get that. But we're on notice. The bell has been rung, it's hard to unring the bell. And there wasn't a bell rung by the Department of Commerce.

And, remember, the record is that two out of three of these types of big deals have failed, and in failure will it really be sufficient to say, you know, geez, we relied on Commerce, we relied on

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the ALJ, and they didn't have much public interest test on it, but we just kind of trusted them.

Not on this deal, not for me, too big, I don't believe in the trust me standard.

CHAIR BOYD: Commissioner Reha.

appreciate the comments of the Commissioners and this is a difficult case. But I look at the statutory factors that this Commission has to look at. And they're on page 4 of the briefing papers. And I think the record supports the finding that the post-merger company will have the financial, technical, and managerial resources to enable the Qwest and CenturyLink operating companies to continue providing reliable, quality telecommunications services in Minnesota. I think the record supports that conclusion.

And the third one, I'll skip to C, what impact the transaction will have on Commission authority, and I think there's a consensus that it really will not have it.

The one issue is what impact the transaction will have on Minnesota customers and on competition in the local telecommunications market, and that item concerns me, as I think I've expressed

previously.

I -- we have to determine what's in the public interest. And as it stands with just the ALJ's recommendations, it's my view that it's not in the public interest now, but I think it's fixable.

I think it's fixable by putting in the assurances that the CLECs have -- many, not all, but some of the assurances and the CLECs and the intervening parties have proposed here. The most important one has to do with the OSS and the OSS testing, as we've discussed.

And in my view, I think that with the synergies that are supposed to be recouped here by the new applicants, that I don't think it'll be harmful to their operations to have third-party testing, which will provide the assurances that the intervenors have proposed here today, and the extension of the existing Qwest systems for the period of time that the extensions are recommended.

There are others, like the -- that, you know, I really feel that should be made, which we didn't really specifically talk about today, but, you know, having one -- one point of interconnection, I think that that, in my view, that's a no-brainer. I think the parties -- the

applicant could easily provide that. And they are going to be merging the two systems together and they could certainly merge that, and I didn't really hear very strong evidence that that should not be completed. And there are others in here, I mean, we could go one by one and I could talk about that.

But, so I think that the -- this approval, while in my view right now it is not in the public interest, it could be fixed and that we should attempt to fix it by stating that these factors need to be included before this Commission approves it.

I don't know what really can be gained by a delay. I think we have a very robust record here, I think the briefing papers are excellent, I think the parties' briefs are thorough. I agree with you, Commissioner O'Brien, it would have been nice to have the Department more involved in this matter, and rather than having settled quickly and then not providing the challenges and the discussion and the witnesses and all of that. I mean, that probably would have been a better record. But this is the record we have and I think it would stand up on appeal with respect to most of these items.

And the issue of the new commissioner.

Shaddix & Associates

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Well, you know, we can't delay everything every time there's a change in administration or a change in commissioners or a change in attorneys or a change in anything, and I think if there were some strong objections by now we would have heard something.

And we haven't. Silence is deafening. So, and the new commissioner has been in place for some time now. So I don't think we should delay it on that basis.

We have the attorney for the Department sitting here at the desk and -- and she said that she hadn't heard any intention to interfere with the process as it's been going on, so I think that that's something that we shouldn't go there, in my opinion.

So I think it's fixable, and I think that we have enough information to do that today. So, that's my opinion, my read.

CHAIR BOYD: Commissioner Pugh.

COMMISSIONER PUGH: One follow-up to Commissioner Reha. Since your opinion is that as it is without further conditions --

COMMISSIONER REHA: Yes.

COMMISSIONER PUGH: -- beyond the

settlements --

1 COMMISSIONER REHA: Right. COMMISSIONER PUGH: -- it wouldn't meet 2 the public interest test --3 COMMISSIONER REHA: Correct. 4 COMMISSIONER PUGH: -- do you see any --5 do you have any interest in waiting to see what 6 7 Arizona, Washington and Oregon do, in terms of additional considerations or conditions that might 8 aid in our determination as to our public interest? 9 10 COMMISSIONER REHA: Well, I -- we 11 could -- we could wait forever for those kinds of things. There's always going to be something that 12 13 comes up. We've got to decide it on the basis of 14 what's important for Minnesota. So I think, you 15 know, it's interesting what other states are doing. 16 You know, I think we could probably borrow some of 17 the ideas, whether or not there's a final commission 18 action in Arizona or wherever. It's our case, it's 19 Minnesota, and the -- I think the issue is the items 20 A, B and C relate to Minnesota. And so I don't think we have to wait. 21 22 COMMISSIONER PUGH: Mr. Chair, my only 23 response would be the timing of the hearing was 24 essentially at the request of the petitioning

parties, not --

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COMMISSIONER REHA: Yeah. Nothing's perfect.

negotiations, negotiations by all parties on what is a nationwide transaction, it's not really a Minnesota transaction. It seems as though the bargaining becomes -- the bargaining positions become stronger as the closing date becomes closer, and that would be my only observation. I don't intend, I guess, to push on it. I suspect we'd have the availability to move for reconsideration if, in fact, there was some incredible breakthrough in some other state at a later time. I maybe look to staff to assure me that that would be, so long as a party votes correctly, a Commissioner votes correctly, we'd be able to move for reconsideration to amend the --

CHAIR BOYD: The Commission always has that authority on their own.

COMMISSIONER PUGH: So, just to be sure.

CHAIR BOYD: I understand Commissioner
O'Brien's frustration and I share it in part. At
the end of the day, I think this is a very
substantial record. We've yet to find a perfect
record in any proceeding, I think it's adequate to

move forward. I share Commissioner Reha's comments about waiting on the new Commissioner of Commerce. We have a number of important proceedings that move forward and move forward and while I respect his opinion, I might be curious what he thinks about this, I don't know that that's grounds onto itself for any delay.

I suspect, Commissioner Pugh, if there was to date any significant nugget in those other states, those western states, we would have heard about them. And I think you're correct, if some breakthrough comes along we may have a chance to revisit any decision of ours, perhaps. I'm not going to predict the future on what breakthroughs will come along, because I happen to agree with you, as you get closer to zero hour negotiations change.

My sense would be that we move ahead and take action today one way or another. And if the decision is to make a motion to find the merger not in the public interest, we certainly could entertain that. Commissioner Reha has indicated that she has a position that some of the -- some or all, I don't know, of these conditions would be required to help her meet that determination. I'd be open to that discussion. But I think if there's a threshold

question of whether this is in the public interest or not, straight up, straight down, that that's an issue we should address or move on.

COMMISSIONER O'BRIEN: Mr. Chairman.

CHAIR BOYD: Commissioner O'Brien.

with this public interest conundrum, we can say that the views of the new commissioner aren't particularly relevant to the docket at hand, and I'd be inclined to maybe join in that perspective if I knew why the former commissioner approved the deal. If there was a record, if there was evidence, there was some weighing and some discussion. But we don't have that. And so now if two people say, yeah, it's okay, at least that we have a firewall.

And what I'm trying to do is maintain the integrity of our finding of public interest. It's a nationwide deal, other states have done it. We went along, but we had two commissioners that said, yeah, go ahead and do that. Right now we have one -- and if, God forbid, the thing goes south, I can tell you the new commissioner is not going to say I signed off on that, nobody asked me. So just think about that.

I mean, this -- we are on notice, two or

three fail, it's got reduced bond ratings, I think 1 the elephant in the living room, which is the best 2 deal we're ever going to look at, there's no record 3 4 evidence to support that. 5 But, in any event, I don't see the need for urgency, other than we want to get it done, if 6 we're going to do it, so that they can close on June 7 Why February 10th as opposed to March 1 is 8 compelling, I don't see, given this record. 9 10 CHAIR BOYD: I'll entertain any kind of motion about delaying the record, rejecting the 11 merger, and if I don't hear that we'll move on, 12 assuming we're going to work through the conditions. 13 14 Commissioner O'Brien. 15 COMMISSIONER O'BRIEN: I'll try it. 16 I'll move to table this until our first meeting in March, to allow the -- our staff and the 17 intervenors and the petitioners to work out the 18 agreements that Commissioner Reha has in mind and to 19 give the new commissioner an opportunity to advise 20 us with whether he wants to comment on this or not. 21 22 CHAIR BOYD: Discussion of the motion? 23 COMMISSIONER WERGIN: Mr. Chair, I'd love 24 to, but there's no discussing. 25 CHAIR BOYD: But there are other pieces

1 in here about suggesting -- I understand that, but there are other pieces in here about staff and 2 parties working out agreements, and as of the moment 3 we don't know what Commissioner Reha's thoughts are. 4 That seems a little problematic . 5 COMMISSIONER O'BRIEN: I'm just trying to 6 be respectful to Commissioner Reha to allow her to 7 8 have some time to develop that. CHAIR BOYD: All right. Since I 9 discussed something that's not discussable --10 1.1 COMMISSIONER PUGH: You just restated the motion. 12 CHAIR BOYD: Yeah. We'll go to a vote. 13 14 Commissioner Wergin, do you want to help me on process? 15 16 COMMISSIONER WERGIN: Let me work on the 17 motion. 18 CHAIR BOYD: All right. Take your time. COMMISSIONER WERGIN: Commissioner 19 O'Brien, for clarification. 20 21 CHAIR BOYD: Not discussion. 22 COMMISSIONER WERGIN: Right. When you say the motion is for the 23 parties and the staff to work with Commissioner Reha 24 25 on agreements, that says to me that your motion

anticipates that we could have a better product if 1 we table this and allow some agreements to take 2 3 place. Is that correct? 4 COMMISSIONER O'BRIEN: Yeah, Commissioner 5 Wergin, here's where I'm at. If Commissioner Reha says the parties have worked out a deal, I've looked 6 at it, it's fine with me, and the new commissioner 7 says I've looked at it, it's fine with me, I'll be 8 voting in support of it. All I'm asking is that we 9 put the collection, have those two pieces. If that 10 clarifies my motion. 11 12 COMMISSIONER WERGIN: Mr. Chair, and your motion was until the first meeting in March; is that 13 14 correct? 15 COMMISSIONER O'BRIEN: Yes. 16 CHAIR BOYD: You might want to make that the first meeting in March where we can have five 17 18 Commissioners present. 19 COMMISSIONER O'BRIEN: Yes. 20 CHAIR BOYD: And there's a commission 21 slot. 22 COMMISSIONER O'BRIEN: And it's the first duly constituted meeting of the Commission, I don't 23 24 know that I have to --25 MR. OBERLANDER: And with the additional

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caveat that other cases move as needed to
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          accommodate that scheduling.
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                      CHAIR BOYD: That'll create an
3
           interesting discussion in the back room.
4
                      COMMISSIONER PUGH: Glad you're the
5
6
           Chair.
                      CHAIR BOYD: All right. Does that help?
7
          Ready to vote?
 8
                      All those in favor of Commissioner
 9
           O'Brien's motion, signify by saying aye.
10
                      COMMISSIONER O'BRIEN: Aye.
11
                      COMMISSIONER WERGIN: Aye.
12
                      COMMISSIONER PUGH: Aye.
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                      CHAIR BOYD: Opposed, same sign.
14
                      COMMISSIONER REHA:
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                      CHAIR BOYD: Aye. Motion carries,
16
           three-two, Commissioner Reha and I voting no.
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                      With that, I don't think we have much
18
           more to do today. We will keep you all informed.
19
           think scheduling will be a significant challenge.
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           But in the meantime, staff, how will this action of
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           the -- our action be carried forward? How will you
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           proceed from here? How -- how are you going to
23
           tackle this task of getting with the parties and
24
           working on conditions? I think the easier part is
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how to contact the Commissioner of the Department of 1 Commerce, but how do you intend to proceed going 2 3 forward? Commissioner -- Mr. Oberlander. 4 MR. OBERLANDER: Commissioners, given the unusual nature of this motion and the significant 5 6 issues that need to be considered, I think that staff will have to go back and discuss it 7 internally, basically, to formulate an appropriate 8 way to move forward. We've never done anything 9 10 quite like this before. 11 CHAIR BOYD: All right. Commissioner 12 Pugh. 13 COMMISSIONER PUGH: Mr. Chair, perhaps back to like courtroom days, I'd suspect that 14 15 counsel for the commissioner will relay to the commissioner that we -- that this order will be 16 17 forthcoming and we'll be looking for input. CHAIR BOYD: I'm not worried about that 18 19 part. 20 COMMISSIONER PUGH: That part should be 21 solved. 22 CHAIR BOYD: It's the other half I'm 23 worried about. 24 COMMISSIONER PUGH: Sometimes the part you don't worry about becomes a problem too. 25

jurisdictions.

CHAIR BOYD: Well, that's true.

I think the motion, it's incumbent, and from what I read from the motion, that the parties get together. That the applicants and the intervenors and the Department and everybody else needs to have a conference to see whether any additional issues can be resolved. And then also, I suppose, we can ask counsel for the Department to -- to consult with the commissioner and see whether the commissioner wishes to jump into the fray, and then have these parties report back to us in writing. And then once we have that we can reconvene and also maybe get an update from the parties as to what's going on in the other

I think that that's a process that's doable, and then this matter comes before us again in March and we'll see where we go and where we are. And if we need supplemental briefing papers, we'll hopefully have them.

CHAIR BOYD: I don't have anything to add. It's the best we'll be able to do.

All right. With that, we are adjourned.

(Matter concluded.)

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       STATE OF MINNESOTA)
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  2
       COUNTY OF HENNEPIN)
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                          REPORTER'S CERTIFICATE
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  8
                        I, Janet Shaddix Elling, do hereby
      certify that the above and foregoing transcript of the
  9
      digitally-recorded proceeding, consisting of the
10
      preceding 104 pages, is a full, true and complete
11
      transcript of the digitally-recorded proceeding to the
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      best of my ability.
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                       Dated February 18, 2011.
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                              JANET SHADDIX ELLING
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                              Registered Professional Reporter
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CERTIFICATE OF SERVICE UM 1484

I hereby certify that **SUPPLEMENTAL AUTHORITY IN SUPPORT OF POST-HEARING BRIEFS PREVIOUSLY FILED BY JOINT CLECS** was served on the following persons on February 22, 2011, by email to all parties and by U.S. Mail to parties who have not waived paper service:

Kelly Mutch	William E. Hendricks
PriorityOne Telecommunications Inc.	CenturyLink, Inc.
PO Box 758	805 Broadway St.
La Grande, OR 97850-6462	Vancouver, WA 98660-3277
managers@pltel.com	tre.hendricks@centurylink.com
Gordon Feighner	Robert Jenks
Energy Analyst	Executive Director
Citizens' Utility Board of Oregon	Citizens' Utility Board of Oregon
610 SW Broadway, Suite 400	610 SW Broadway, Suite 400
Portland, OR 97205	Portland, OR 97205
gordon@oregoncub.org	bob@oregoncub.org
G. Catriona McCracken	Raymond Myers
Legal Counsel / Staff Attorney	Attorney
Citizens' Utility Board of Oregon	Citizens' Utility Board of Oregon
610 SW Broadway, Suite 400	610 SW Broadway, Suite 400
Portland, OR 97205	Portland, OR 97205
catriona@oregoncub.org	ray@oregoncub.org
Kevin Elliott Parks	Jason W. Jones
Staff Attorney	Assistant Attorney General
Citizens' Utility Board of Oregon	Department of Justice
610 SW Broadway, Suite 400	Business Activities Section
Portland, OR 97205	1162 Court St. N.E.
kevin@oregoncub.org	Salem, OR 97301-4096
	jason.w.jones@state.or.us
Michael Dougherty	Alex M. Duarte
Public Utility Commission of Oregon	Corporate Counsel
P.O. Box 2148	Qwest Corporation
Salem, OR 97308-2148	310 SW Park Ave, 11 th Floor
michael.dougherty@state.or.us	Portland, OR 97205-3715
	alex.duarte@qwest.com

Mark Reynolds Qwest Corporation 1600 7 th Ave., Room 3206 Seattle, WA 98191 mark.reynolds3@qwest.com Katherine K. Mudge	Barbara Young United Telephone company of the Northwest 902 Wasco St. ORHDRA0305 Hood River, OR 97031 barbara.c.young@centurylink.com Edwin Parker
Director, State Affairs & ILEC Relations Covad Communications Co. 7000 N. MOPAC EXPWY, 2 nd Floor Austin, TX 78731 kmudge@covad.com	Parker Telecommunications P.O. Box 402 Gleneden Beach, OR 97388 edparker@teleport.com
Greg L. Rogers Sr. Corporate Counsel Level 3 Communications LLC 1025 Eldorado Blvd. Broomfield, CO 80021 greg.rogers@level3.com	Adam Lowney McDowell Rackner & Gibson PC 419 SW 11 th Ave., Suite 400 Portland, OR 97205 adam@mcd-law.com
Lisa Rackner McDowell Rackner & Gibson PC 419 SW 11 th Ave., Suite 400 Portland, OR 97205 lisa@mcd-law.com	Lyndall Nipps Vice President, Regulatory Affairs twtelecom of oregon, llc 9665 Granite Ridge Drive, Suite 500 Palm Springs, CA 92123 lyndall.nipps@twtelecolm.com
Rex M. Knowles Regional Vice President-Regulatory XO Communications Services, Inc. 7050 Union Park Ave., Suite 400 Midvale, UT 84047 rex.knowles@xo.com	Arthur A. Butler Ater Wynne LLP 601 Union Street, Suite 1501 Seattle, WA 98101-3981 aab@aterwynne.com
Joel Paisner Attorney Ater Wynne LLP 601 Union Street, Suite 1501 Seattle, WA 98101-2327 jrp@aterwynne.com	John Felz Director Regulatory Operations Century Farm Court 5454 W 110 th St. KSOPKJ0502 Overland Park, KS 66211 John.felz@centurylink.com

Michel Singer Nelson 360Networks(USA), Inc. 370 Interlocken Blvd., Suite 600 Broomfield, CO 80021-8015	Penny Stanley 360Networks(USA), Inc. 370 Interlocken Blvd., Suite 600 Broomfield, CO 80021-8015 penny.stanley@360.net
Rhonda Kent CenturyLink 805 Broadway 8 th Fl. Vancouver, WA 98660 rhonda.kent@centurylink.com	Marsha Spellman Converge Communications Co. 10425 SW Hawthorne Ln. Portland, OR 97225 marsha@convergecomm.com
K.C. Halm Davis Wright Tremaine LLP 1919 Pennsylvania Ave. NW, 2 nd Fl. Washington, DC 20006-3458 kchalm@dwt.com	William Sargent Tillamook County 1134 Main Avenue Tillamook OR 97141 wsargent@oregoncoast.com
Karen L. Clauson Vice President, Law & Policy Integra Telcom Inc. 6160 Golden Hills Dr. Golden Valley, MN 55416-1020 klclauson@integratelecom.com	Wendy McIndoo Office Manager McDowell Rackner & Gibson PC 419 SW 11 th Ave., Suite 400 Portland, OR 97205 wendy@mcd-law.com
Adam Haas WSTC 10425 SW Hawthorne Ln. Portland, OR 97225 adamhaas@convergecomm.com	Michael R. Moore Charter Fiberlink OR-CCVII LLC 12405 Powerscourt Dr. St. Louis, MO 63131 michael.moore@chartercom.com
Judith Endejan Graham & Dunn PC 2801 Alaskan Way, Suite 300 Seattle, WA 98121 jendejan@grahamdunn.com	Diane Browning Sprint Communications Co. LP 6450 Sprint Parkway Overland Park, KS 66251 diane.c.browning@sprint.com
Kenneth Schifman Sprint Communications Co. LP 6450 Sprint Pkwy Overland Park, KS 66251 kenneth.schifman@sprint.com	Kristin L. Jacobson Sprint Nextel 201 Mission St., Suite 1500 San Francisco, CA 94105 kristin.l.jacobson@sprint.com

Richard Stevens Central Telephone Inc. P.O. Box 25 Goldendale, WA 98620 rstevens@gorge.net	Frank G. Patrick Corporate Lawyers PC P.O. Box 231119 Portland, OR 97281 fgplawpc@hotmail.com
Bryan Conway Public Utility Commission of Oregon P.O. Box 2148 Salem, OR 97308-2148 bryan.conway@state.or.us	Dave Conn T-Mobile USA Inc. 12920 SE 38 th St. Bellevue, WA 98006 dave.conn@t-mobile.com
Gregory Merz Gray Plant Mooty 500 IDS Center 80 S. Eighth St. Minneapolis, MN 55402 gregory.merz@gpmlaw.com	Patrick L. Phipps Vice President QSI Consulting, Inc. 3504 Sundance Dr. Springfield, IL 62711
David Hawker City Manager City of Lincoln City 801 SW Highway 101 Lincoln City OR 97367 davidh@lincolncity.org	Douglas R. Holbrook City of Lincoln City PO Box 2087 Newport OR 97365 doug@lawbyhs.com
Charles Jones, Manager Communication Connection 14250 NW Science Park Dr, Ste B Portland OR 97229 charlesjones@cms-nw.com	Wayne Belmont Lincoln County Counsel 225 W Olive Street Newport OR 97365 wbelmont@co.lincoln.or.us
Greg Marshall, President Northwest Public Communications Council 2373 NW 185 th Ave, Ste 310 Hillsboro OR 97124 gmarshall@corbantechnologies.com	Randy Linderman Pacific Northwest Payphone 1315 NW 185 th Ave, Ste 215 Beaverton OR 97006-1947 rlinderman@gofirestream.com

Charles L. Best
Attorney at Law
1631 NE Broadway, Ste 538
Portland O 97232-1425
chuck@charleslbest.com

Brian Nixon
Davis Wright Tremaine LLP
1919 Pennsylvania Avenue N.W.
Washington, DC 20006-3401
briannixon@dwt.com

Dated: February 22, 2011

Mark Trinchero

Davis Wright Tremaine, LLP 1300 SW 5th Avenue

Suite 2300

Portland, OR 97201