

805 Broadway, 8th Floor Vancouver, WA 98660

December 2, 2010

Oregon Public Utility Commission Attn: Filing Center 550 Capitol Street NE, Ste 215 Salem, OR 97301-2551

RE: UM-1484 CenturyLink/Qwest Merger

Dear Commission:

Enclosed for filing, please find an original and five copies of the Stipulation between CenturyLink, Inc., Qwest Communications International, Inc., the Staff of the Public Utility Commission of Oregon and the Citizens' Utility Board of Oregon.

If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

William E. Hendricks

Enclosures cc: Service List

Phone: 360-905-5949 Fax: 360-905-5953

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UM 1484

In the Matter of

STIPULATION

CENTURYLINK, INC.

Application for an Order to Approve the Indirect Transfer of Control of

QWEST CORPORATION

PARTIES

- 1. The parties to this Stipulation, which includes the attached conditions, ("Stipulation") are CenturyLink, Inc. ("CenturyLink"), Qwest Communications International, Inc. ("Qwest"), the Staff of the Public Utility Commission of Oregon ("Staff") and the Citizens' Utility Board of Oregon ("CUB") (together "the Parties" and individually "Party").
- 2. The Parties by signing this Stipulation agree that the Commission should approve the Application in this case subject to the attached conditions and the Commission's resolution of the two remaining disputed issues discussed in paragraph 6 below.
- 3. The Parties further agree to support approval of the Application under the terms of this Stipulation and pursuant to the resolution of the two remaining disputed issues. This Stipulation will be offered into the record of this proceeding as evidence, pursuant to OAR 860-014-0085. The Parties agree to

support this Stipulation at the hearing scheduled for December 16 and 17, 2010 and to recommend that the Commission issue an order adopting the Stipulation and resolving the two remaining disputed issues. If any other party to this proceeding challenges this Stipulation, the Parties agree to cooperate in cross-examination and put on such a case as they deem appropriate to respond fully to the issues presented.

BACKGROUND

- 4. On May 24, 2010, CenturyLink filed an Application for Approval of Merger and supporting testimony. On the same day, Qwest filed an intervention in the docket and testimony supporting the Application. In addition, the Parties filed additional rounds of testimony and conducted extensive discovery.
- 5. Since August 3, 2010, the Parties have engaged in substantial negotiations, including at least five scheduled settlement conferences. All parties to the docket were notified of all settlement conferences and most participated, including CenturyLink, Qwest, various CLEC intervenors, the Staff, CUB, TRACER, and the City of Lincoln City, Lincoln County and Tillamook County.

AGREEMENT

6. The Parties agree that the Stipulation, including the conditions in Attachment 1, will result in a transaction that meets the public interest standard the Commission employs under ORS 759.375 and .380, with one proviso; the

Parties acknowledge that there are two remaining disputed issues that they will present to the Commission in testimony, which will be filed on December 8, 2010. Those issues include the imposition of a "most-favored-state" condition and a condition imposing trouble report complaint reporting for broadband services. The Staff and CUB reserve the right to advocate that the Commission impose those two conditions. CenturyLink and Qwest believe the conditions are inappropriate and reserve the right to challenge them.

- 7. The Parties acknowledge that this Stipulation is the product of negotiations and compromise and shall not be construed against any Party on the basis that it was the drafter of any or all portions of this Stipulation. This Stipulation constitutes the Parties' entire agreement on all matters set forth herein (with the exception of the two mentioned conditions in paragraph 6 above), and it supersedes any and all prior oral and written understandings or agreements, on such matters that previously existed or occurred in this proceeding, and no such prior understanding or agreement or related representations shall be relied upon by the Parties.
- 8. The Parties recommend that the Commission approve this
 Stipulation with no material changes. The Parties have agreed to this Stipulation
 as an integrated document. If the Commission rejects all or any part of this
 Stipulation or imposes additional conditions, any Party affected by such action

shall have the right, upon 15 days written notice to the Commission and the Parties, to withdraw from this Stipulation, to pursue their rights under OAR 860-014-0085 or seek reconsideration or appeal of the Commission's order, or both. No Party withdrawing shall be bound to any position, commitment, or condition of this Stipulation.

- 9. The Parties waive cross examination of one another at the hearing scheduled for December 16 and 17, 2010 in this docket, except with respect to the two disputed issues mentioned above.
- 10. The Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

RESERVATION OF RIGHTS

11. The Parties agree that this Stipulation represents a compromise in the positions of the Parties. As such, conduct, statements and documents disclosed in the negotiation of this Stipulation shall not be admissible as evidence in this or any other proceeding unless independently discoverable or offered for other purposes allowed under ORS 40.190. By entering into this Stipulation, no Party shall be deemed to have approved, admitted or consented to facts, principles, methods, theories, or any other advocacy employed by any other party to this proceeding. No Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.

This Stipulation is entered into by each Party as of December 2, 2010:

CENTURYLINK	QWEST
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Attorney for Century Link Attorney for Qwes	Attorney for CenturyLink	Attorney for Qwes
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CITIZENS' UTILITY BOARD OF	PUBLIC UTILITY COMMISSION OF
OREGON (CUB)	OREGON

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Legal Counsel for CUB Attorney for Staff of the Public Utility
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ATTACHMENT 1

UM 1484 SETTLEMENT CONDITIONS

RETAIL CONDITIONS

- 1. CenturyLink Inc. (CenturyLink) shall provide the Public Utility Commission of Oregon (Commission) access to all books of account, as well as, all documents, data, and records that pertain to the transaction.
- **2.** The Commission reserves the right to review, for reasonableness, all financial aspects of this transaction in any rate proceeding or earnings review under an alternative form of regulation.
- 3. The Applicants shall immediately notify the Commission of any substantive material changes to the transaction terms and conditions from those set forth in their Application that: (1) occur while a Commission order approving the transaction is pending, or (2) occur before the transaction is closed, but after the Commission issues its order approving the transaction. The Applicants must also submit a supplemental application for an amended Commission order in this docket if the substantive transaction conditions and terms affecting Commission regulated services change as set forth in this condition.
- **4.** Except as authorized by this Commission, CenturyLink (referring to the parent company at the conclusion of this transaction) will maintain an organizational structure that includes the four separate ILECs in Oregon (no change from current allocated areas) CenturyTel of Oregon Inc., CenturyTel of Eastern Oregon, Inc., United Telephone Company of the Northwest, and Qwest Corporation (Qwest) (collectively, Operating Companies). CenturyLink (also referred to as "Company") agrees that an application must be filed with the Commission should it propose to merge or consolidate the operations of the Operating Companies, to the extent required by Oregon law.
- 5. Prior to the closing of the transaction, customer notification of the merger and change of parent company will be given to all local exchange and long distance customers and will comply with any Oregon and FCC rules and regulations. This notice will include notification to all existing and acquired OTAP/Lifeline customers that the acquisition will not affect their OTAP/Lifeline credits and that there is no action required on their part. Prior to the notification, CenturyLink will submit a draft of the OTAP/Lifeline portion to the OTAP Manager for review.
- **6.** No Commission-regulated intrastate service currently offered by Qwest in Exchange and Network Services Tariff No. 33 and Private Line Transport Services Tariff No. 31 will be discontinued for a period of at least three years following the Closing Date, except as approved by the Commission.
- 7. CenturyLink shall follow the terms and conditions of Qwest's UM 1354 price plan (Order Nos. 08-408, 08-544, and 10-215). Exceptions to this condition are noted in Conditions 11, 16 and 18 below. Any proposed changes to the approved price plan must receive Commission approval. Within 60 days following any branding or administrative changes to Qwest's Oregon rates, rules, and regulations, CenturyLink will file updated Qwest Oregon rates, rules, and regulations that show the branding change.
- **8.** The Operating Companies will not advocate in any general rate case proceeding for a higher overall cost of capital as compared to what its cost of capital would have been absent the transaction, but the Operating Companies may seek a cost of capital under the then-existing capital market conditions.

- **9.** Operating Companies will not seek recovery of one-time transition, branding or transaction costs in Oregon intrastate regulated rate proceedings. Operating Companies will not seek to recover through wholesale service rates one-time transaction, branding or transition costs.
- 10. The Merged Company will not recover, or seek to recover through wholesale or retail service rates or other fees paid by wholesale or retail customers any increases in overall management costs that result from the transaction, including those incurred by the operating companies. For purposes of this condition, "transaction-related costs" shall be construed to include all Merged Company costs related to or resulting from the transaction and any related transition, conversion, or migration costs and, for example, shall not be limited in time to costs incurred only through the Closing Date.
- **11.** As a requirement for post merger financial reporting, each operating company will submit the Commission standard *Annual Report* Form O and Commission standard *Oregon Separated Results of Operations Report* Form I.
- **12.** Within 60 days of the nearest calendar quarter following 12 months after close of the transaction, and for two subsequent 12-month periods, CenturyLink shall file with the Commission a report describing:
 - a. Substantive activities undertaken relating to integrating Qwest operations with CenturyLink, as well as achieving synergies made available as a result of this transaction. CenturyLink synergies will be reported on a CenturyLink total company basis;
 - b. Costs and projected savings of each such respective activity on a CenturyLink total company and Oregon-allocated basis;
 - c. Organizational and staff force changes in Oregon operations; and,
 - d. Impacts on Oregon operations and customers.

The reporting requirement required by Condition 12 shall end with the submission of the third report unless otherwise directed by the Commission.

13. CenturyLink will commit to expend \$45 million in broadband deployment in CenturyLink and Qwest areas in Oregon over a five (5) year period beginning January 1, 2011 and ending December 31, 2015. CenturyLink will commit to expend twenty-five (25%) of the \$45 million broadband investment by December 31, 2012. The capital investment necessary to meet Condition 26 will count toward satisfying the \$45 million commitment.

Beginning on the date of the first anniversary of the close of the Transaction and continuing annually until the \$45 million broadband commitment is completed, CenturyLink will submit to the Commission Staff: 1) a broadband deployment plan that details the planned investments for the year, including the geographic areas targeted for investment and the estimated number of customers that would benefit; and 2) a report that identifies the previous calendar year's progress in broadband deployment including: a) a list of all wire centers and broadband speeds currently available in each wire center by speed and number of lines capable showing wire centers where broadband investment was made, b) the additional number of households capable of receiving broadband; and c) the prior year's and cumulative amounts expended towards the \$45 million broadband commitment.

CenturyLink will provide a semi-annual update to the broadband deployment plan outlining progress made and identifying any impediments that may prevent the completion of the planned projects.

- **14.** After the closing date, the Merged Company will honor any and all promotional discount offers made by pre-merger Qwest to its residence and small business customers, including those for local, long distance, and internet access services. The discounted prices will continue on an individual customer basis until the term to which Qwest committed expires.
- **15.** Within 30 days after the close of the transaction, CenturyLink will notify Commission staff:

- a. Post-merger CenturyLink's consolidated 2010 Net Debt/ trailing 12-month EBITDA.
- b. Post-merger rating agency reports of CenturyLink
- c. Pre-merger stand-alone CenturyLink's price per share as of the date of closing of the merger.
- d. Pre-merger stand-alone Qwest's price per share as of the date of closing of the merger.
- **16.** CenturyLink will not encumber the assets of the Oregon Operating Companies that are necessary or useful in the performance of their duties to the public without seeking Commission approval pursuant to ORS 759.375.
- 17. CenturyLink agrees that it will not seek to recover in Oregon intrastate regulated retail or wholesale rates any acquisition premium paid by CenturyLink for Qwest. Any acquisition premium will be recorded in the books at the parent level.
- **18.** After the close of the merger, both CenturyLink and Qwest agree to the removal of the Qwest price plan exemption from the requirements of ORS 759.380 and ORS 759.375. However, the parties agree that for property sales where the sales price is less than \$10 million the Qwest Price Plan exemption from ORS 759.375(1)(a) applies, except that the sale of any Qwest exchange will be subject to Commission approval under ORS 759.375.
- **19.** After the closing of the transaction and for a period of not less than three years, CenturyLink must file with the Commission quarterly reports with:
 - a. CenturyLink's consolidated balance sheet.
 - b. Intercompany receivables and payables showing the beginning balance, the change for the quarterly and the ending balance of those accounts will be submitted to the Commission. This report shall be filed annually on April 1 of each year.
 - c. Dividend payment declared by CenturyLink to its shareholders (in total and per share) for the same time period.

These quarterly reports should be filed no more than 90 days following the close of each quarter. CenturyLink could waive this condition if its post transaction issuer credit rating is affirmed as investment grade by two of the following credit rating agencies (or successors): Moody's, Fitch Ratings, Standard and Poor's Services.

- **20.** Immediately after the close of this transaction, the Operating Companies will report retail service quality results in accordance with OAR 860-023-0055. CenturyTel is currently exempt from service quality reporting, having met the conditions of OAR 860-023-0055 (16)(d), but is required to submit to the Commission the monthly CenturyTel retail service quality reports for two years after the close of this transaction.
- 21. CenturyLink will maintain current Commission minimum retail service quality standards (OAR 860-023-0055) as are currently being reported in the Qwest's monthly service quality reports to the Commission. If CenturyLink fails to maintain the current service quality levels for the Qwest Operating Company it will be subject to potential penalties as set forth in ORS 759.450.
- **22.** CenturyLink will provide to the Commission the following:
 - a. CenturyLink will provide to the Commission on the first anniversary of the transaction close, a status report on its switching infrastructure in the state and any switch replacements, upgrades or retirements made in the prior calendar year as well as any that are known for the upcoming calendar year.
 - b. CenturyLink will provide the Commission on the first and second anniversary of the transaction close, a confidential report for the previous calendar year detailing Oregon regulated capital expenditures as a percentage of total system expenditures and a comparison of the amount of regulated capital expenditures per Oregon access line with the amount of regulated capital expenditures per CenturyLink system-wide access line.

- **23.** CenturyLink will provide to Commission Staff, in electronic form, and subject to confidentiality, the detailed Form-477 data that the four Operating Companies are currently providing to the FCC for their service areas. This will be done annually for three years beginning with the year after the closing of the transaction, subject to the continuation of the requirement for filing with the FCC.
- **24.** CenturyLink is committed to complying with all applicable federal and Oregon safety standards and requirements, and will commit to comply with the safety and reliability laws in Oregon per ORS 757.035, OAR 860 Division-024, and OAR 860 Division-028.
- **25.** Within seven (7) days after close of the transaction, CenturyLink agrees to provide the Commission a listing of CenturyLink primary and secondary points of contact within its new organization for safety and pole attachment matters.
- **26.** CenturyLink will construct a physical communication link between the Cities of Lincoln City and Newport, Oregon within 24 months following the close of the transaction. CenturyLink will meet with Staff and other interested parties during the engineering phase to make certain that Staff is satisfied that the facility is sized adequately to handle the expected demand.

27. Operations Support Systems

Retail

Prior to conversion of major Qwest/CenturyLink retail operations support systems that impact Oregon operations, CenturyLink will provide notice to the Commission 90 days in advance of the conversion. Notification will consist of a description of the systems involved, the action to be taken, the timelines associated with the system conversion and a description of customer impacts. Retail operations support systems are defined as ordering, provisioning, maintenance and repair, and billing systems.

Wholesale

In legacy Qwest ILEC service territory, after the Closing Date, the Merged Company will use and offer to wholesale customers the legacy Qwest Operational Support Systems (OSS) for at least two years, or until July 1, 2013, whichever is later, and thereafter provide a level of wholesale service quality that is not less than that provided by Qwest prior to the Closing date with functionally equivalent support, data, functionality, performance, electronic flow through, and electronic bonding. After the period noted above, the Merged Company will not replace or integrate Qwest systems without first establishing a detailed transition plan and complying with the following procedures:

a. Detailed Plan

The Merged Company will provide notice to the Commission and any affected parties at least 270 days before replacing or integrating Qwest OSS system(s). Upon request, the Merged Company will describe the system to be replaced or integrated, the surviving system, and steps to be taken to ensure data integrity is maintained. The Merged Company's plan will also identify planned contingency actions in the event that the Merged Company encounters any significant problems with the planned transition. The plan submitted by the Merged Company will be prepared by information technology professionals with substantial experience and knowledge regarding legacy CenturyLink and legacy Qwest systems processes and requirements. Carriers will have the opportunity to comment on the Merged Company's plan in a forum in which it is filed as well as in the Qwest Change Management Process.

b. *CMP*

The Merged Company will follow the procedures in the Qwest Change Management Process ("CMP") Document.

c. Replacement or Retirement of a Qwest OSS Interface

- i. The replacement or retirement of a Qwest OSS Interface may not occur without sufficient acceptance of the replacement interface by CLEC and CMRS carriers to help assure that the replacement interface provides the level of wholesale service quality provided by Qwest prior to the Closing Date (as described above). Each party participating in testing will commit adequate resources to complete the acceptance testing within the applicable time period. The Parties will work together to develop acceptance criteria. Testing will continue until the acceptance criteria are met. Sufficient acceptance of a replacement for a Qwest OSS Interface will be determined by a majority vote, no vote to be unreasonably withheld, of the CMP participants (Qwest and CLEC and CMRS carriers) in testing, subject to any party invoking the CMP's Dispute Resolution process. The requirements of this paragraph will remain in place only until completion of merger-related OSS integration and migration activity. If a dispute arises as to whether such merger-related OSS integration and migration activity is complete, the Commission will determine the completion date.
- ii. The Merged Company will allow coordinated testing with CLEC and CMRS carriers, including a stable testing environment that mirrors production, jointly established test cases, and, when applicable, controlled production testing, unless otherwise agreed to by the Company and CLEC and CMRS carriers. Testing described in this paragraph associated with merger-related system replacement or integration will be allowed for the time periods in the CMP Document, or for 120 days, whichever is longer, unless otherwise mutually agreed to by the Merged Company and CLEC and CMRS carriers engaged in the testing.
- iii. The Merged Company will provide the CLECs and CMRS carriers training and education on any wholesale OSS implemented by the Merged Company without charge to the CLEC and CMRS carrier.

d. Billing Systems

The Merged Company will not begin integration of Billing systems before the end of the minimum two year or July 1, 2013 period, whichever is longer, noted above, or without following the above procedures, unless the integration will not impact data, connectivity and system functions that support or affect CLEC and CMRS carriers and their customers. Any changes by the Merged Company to the legacy Qwest non-retail OSS will meet all applicable ICA provisions related to billing and, to the extent not included in an ICA, will be Ordering and Billing Forum (OBF) compliant.

28. Notwithstanding any provision allowing one or both parties to Qwest interconnection agreements ("ICAs"), Commercial Agreements, and other Wholesale Agreements between Qwest Corporation or its successors and assigns and CLEC and CMRS carriers ("Extended Agreements") to terminate the Extended Agreement upon or after expiration of the term of the agreement, the Merged Company shall not terminate or grandparent, change the terms or conditions, or increase the rates of any Extended Agreements during the unexpired term or for at least the Applicable Time Period identified below, whichever occurs later (the "Extended Time Period"), unless required by a change of law, or a CLEC or CMRS carrier requests or agrees in writing to a change and any applicable procedure to effectuate that change is followed. In the event that the Extended Agreement expressly allows termination of the agreement in other circumstances, such as default due to non-payment, this Condition does not preclude termination of an Extended Agreement in those circumstances provided that the Merged Company follows both (1) the Extended Agreement's express provisions, and (2) any applicable procedures pertaining to such termination. Upon approval of the Transaction, these terms will be part of the order of approval and thus not trigger or require the filing of an ICA amendment, unless directed otherwise by the Commission.

- a. <u>Interconnection Agreements</u>. The Applicable Time Period for Qwest's interconnection agreements (ICAs) is at least thirty-six months after the Closing Date. The Extended Time Period applies whether or not the initial or current term has expired or is in evergreen status.
 - i. The Merged Company shall allow a CLEC or CMRS carrier to use its pre-existing interconnection agreement as the basis for negotiating an initial successor replacement interconnection agreement to the extended ICA. Where the parties agree it is reasonable to do so, the parties may incorporate the amendments to the existing agreement into the body of the agreement used as the basis for such negotiations of the initial successor replacement interconnection agreement.
 - ii. A CLEC or CMRS carrier may opt-in to an interconnection agreement in its initial term or the extended term.
 - iii. If Qwest and a CLEC or CMRS carrier are in negotiations for a replacement interconnection agreement before the Closing Date, the Merged Company will allow the CLEC or CMRS carrier to continue to use the negotiations draft upon which negotiations prior to the Closing Date have been conducted as the basis for negotiating a replacement interconnection agreement. In the latter situation (ongoing negotiations), after the Closing Date, the Merged Company will not substitute a negotiations template interconnection agreement proposal of any legacy CenturyLink operating company for the negotiations proposals made before the Closing Date by legacy Qwest.
- b. <u>Commercial Agreements</u>. The Applicable Time Period for Commercial agreements is at least eighteen months after the Closing Date for Qwest's Commercial agreements (*i.e.*, offerings made available after a UNE(s) becomes unavailable via ICA): Broadband for Resale, Commercial Broadband Services (QCBS), Commercial Dark Fiber, High Speed Commercial Internet Service (HSIS), Local Services Platform (QLSP), Internetwork Calling Name (ICNAM), and Commercial Line Sharing, as well as any other Commercial agreement to which Qwest and CLEC or CMRS carrier were parties as of the Closing Date. Notwithstanding any provision to the contrary in this Agreement:
 - i. After the eighteen month period, Owest reserves the right to modify rates.
 - ii. If a Commercial agreement later becomes unavailable on a going forward basis, the agreement will remain available to CLEC or CMRS carrier on a grandparented basis to serve CLEC or CMRS carrier's embedded base of customers already being served via services purchased under that Commercial agreement, subject to Qwest's right to modify rates, for at least eighteen months after Qwest has notified CLEC or CMRS carrier that the agreement is no longer available.
- c. <u>Wholesale Agreements</u>. The Applicable Time Period for Wholesale agreements is at least eighteen months after the Closing Date for Qwest's Wholesale agreements (*i.e.*, offerings made available after a tariffed offering becomes unavailable via tariff): Wholesale Data Services Agreement (ATM, Frame Relay, GeoMax, HDTV-Net, Metro Optical Ethernet, Self-Healing Network, Synchronous Service Transport), as well as any other Wholesale agreement to which Qwest and CLEC or CMRS carrier were parties as of the Closing Date. Notwithstanding any provisions to the contrary in this Agreement:
 - i. After the eighteen month period, Qwest reserves the right to modify rates.
 - ii. If a Wholesale agreement later becomes unavailable on a going forward basis, the agreement will remain available to CLEC or CMRS carrier on a grandparented basis to serve CLEC or CMRS carrier's embedded base of customers already being served via

services purchased under that Wholesale agreement for at least eighteen months after Qwest has notified CLEC or CMRS carrier that the agreement is no longer available, subject to Qwest's right to modify rates.

- d. <u>Intrastate Tariffs.</u> For at least twelve months after the Closing Date, the Merged Company will not seek to increase rates or modify terms and conditions for Qwest wholesale tariff offerings. Notwithstanding any provision to the contrary in this Agreement, Qwest may engage in Competitive Response pricing as set forth in its tariffs.
 - i. Regarding term and volume discount plans, such plans offered by Qwest as of the Closing Date will be extended by twelve months beyond the expiration of the then existing term, unless the wholesale customer indicates it opts out of this one-year extension.
 - ii. The Merged Company will honor any existing contracts for services on an individualized term pricing plan arrangement for the duration of the contracted term.
- 29. The Merged Company agrees not to increase the rates in Qwest ICAs during the Extended Time Period defined in condition number 28 above. If, during the Extended Time Period, the Merged Company offers a Section 251 product or service that is not offered under an ICA (a "new" product or service), the Merged Company may establish a rate using normal procedures. A product, service, or functionality is not "new" for purposes of this paragraph if Qwest was already providing that product, service, or functionality at existing rates as of the Closing Date in the legacy Qwest ILEC serving territory.
 - a. Regarding rates changed via a Commission cost docket, the Merged Company may initiate a cost docket (or seek rate increases in a cost docket initiated by another party) before the expiration of the thirty-six month Extended Time Period for ICA terms only if (i) the rate elements, charges or functionalities are not already provided under rates as of the Closing Date as described in paragraph 4; or (ii) the cost docket is not initiated until at least eighteen months after the Closing Date and any rates approved in the cost docket will not become effective until after expiration of the thirty-six month Extended Time Period for extension of ICA terms.
 - b. After the Closing Date, in the legacy Qwest ILEC serving territory, the Merged Company shall not assess any fees, charges, surcharges or other assessments upon CLEC or CMRS carriers for activities that arise during the subscriber acquisition and migration process other than any fees, charges, surcharges or other assessments that were approved by the Commission and charged by Qwest in the legacy Qwest ILEC service territory before the Closing Date, unless Qwest first receives Commission approval. This condition prohibits the Merged Company from charging such fees, charges, surcharges or other assessments, including:
 - i. Service order charges assessed upon CLEC or CMRS carriers submitting local service requests ("LSRs") for number porting;
 - ii. Access or "use" fees or charges assessed upon CLEC or CMRS carriers that connect a competitor's own self-provisioned loop, or last mile facility, to the customer side of the Merged Company's network interface device ("NID") enclosure or box; and
 - iii. "Storage" or other related fees, rents or service order charges assessed upon a CLEC or CMRS carrier's subscriber directory listings information submitted to the Merged Company for publication in a directory listing or inclusion in a directory assistance database.
- **30.** In the legacy Qwest ILEC service territory, the Merged Company will continue to provide intrastate transit service subject to the same rates, terms, and conditions that were provided as of the Closing

- Date for at least three years following the Closing Date, unless directed otherwise by the Commission.
- **31.** CenturyLink and all of its incumbent local exchange carrier ("ILEC") affiliates will comply with 47 U.S.C. Sections 251 and 252. In the legacy Qwest ILEC service territory, the Merged Company will not seek to avoid any of its obligations on the grounds that Qwest Corporation is exempt from any of the obligations pursuant to Section 251(f)(1) or Section 251(f)(2) of the Communications Act.
- **32.** In the legacy Qwest ILEC service territory, after the Closing Date, Qwest Corporation shall be classified as a Bell Operating Company ("BOC"), pursuant to Section 3(4)(A)-(B) of the Communications Act and shall be subject to all requirements applicable to BOCs, including Sections 271 and 272.
- **33.** In the legacy Qwest ILEC service territory, to the extent that an ICA is silent as to an interval for the provision of a product, service or functionality or refers to Qwest's website or Service Interval Guide (SIG), the applicable interval, after the Closing Date, shall be no longer than the interval in Qwest's SIG as of the Closing Date. Either party to the ICA may request an amendment to the ICA to lengthen an interval after the thirty-six month Extended Time Period for extension of ICA terms.
- 34. In the legacy Qwest ILEC service territory, the Merged Company shall comply with all wholesale performance requirements and associated remedy or penalty regimes for all wholesale services including those set forth in regulations, tariffs, Commercial Agreements defined above, and interconnection agreements applicable to legacy Qwest as of the Closing Date. In the legacy Qwest service territory, the Merged Company shall continue to provide to CLECs and CMRS carriers at least the reports of wholesale performance metrics that legacy Qwest made available, or was required to make available, to CLECs and CMRS carriers and the Commission as of the Closing Date, or as subsequently modified or eliminated as permitted under these conditions or pursuant to any changes in law. After the execution of this settlement and prior to the Closing Date, Qwest agrees not to initiate any changes to wholesale performance requirements and associated remedy or penalty regimes, however, nothing prevents Qwest from responding to and participating in any docket initiated by another party or as otherwise required by law.
 - a. The Merged Company will not seek to reduce or modify the Qwest Performance Indicator Definition (PID) or Qwest Performance Assurance Plan (QPAP) that are offered, or provided via contract or Commission approved plan, as of the Closing Date for at least eighteen months after the Closing Date. After the eighteen month period, the Merged Company may seek modifications under the terms and conditions outlined in the QPAP. The Merged Company will not seek to eliminate or withdraw the QPAP for at least three years after the Closing Date. The QPAP will be available to all requesting CLECs and CMRS carriers unless the Merged Company obtains approval from the Commission to eliminate or withdraw it.
 - i. For at least three years after the Closing Date, and consistent with the FCC's required conditions of the Embarq-CenturyTel merger, in the legacy Qwest ILEC service territory, the Merged Company shall meet or exceed the average wholesale performance provided by Qwest to CLEC or CMRS carrier, measured as follows:
 - a. For the first three months after Closing Date, Qwest's performance will be compared to Qwest's performance for the twelve months prior to Closing Date.
 - b. Thereafter, each successive month of Qwest's performance will be added to the three month period in 34.a.i.a. in determining Qwest's performance until twelve months after Closing Date.
 - c. Beginning one year after Closing Date, Qwest's performance will be measured by a rolling twelve month average performance.

- b. If the Merged Company fails to provide wholesale performance levels as measured by the methodology described in this condition, the Merged Company must conduct a root cause analysis for the discrepancies and develop proposals to remedy each deficiency within thirty days and provide this to CLEC or CMRS carrier and Commission staff for review and comment.
 - A CLEC or CMRS carrier may invoke the root cause procedure for deterioration in wholesale performance for any PID, product, or disaggregation included within a PID measure if the CLEC or CMRS carrier determines that the performance it received for that PID, product, or disaggregation is materially different and provides the basis for CLEC or CMRS carrier's determination.
 - ii. If performance deficiencies are not resolved, the CLEC or CMRS carrier may request a resolution or wholesale service quality proceeding before the Commission. The Merged Company does not waive its right to oppose such a request.
- 35. For thirty-six months after the Closing Date, in the legacy Qwest ILEC service territory, the Merged Company will provide to Commission staff quarterly data for Oregon wholesale carriers that will enable monitoring of current performance compared to the performance for the 12 months prior to the Closing Date for the five metrics consistent with condition number 34 above in the manner described. For twelve months after the Closing Date, in the legacy Embarq ILEC service territory, the Merged Company will provide to the Commission staff quarterly data for Oregon wholesale carriers in the aggregate that enable monitoring of current performance compared to the performance for the 12 months prior to the Closing Date for the five metrics. Additionally, the Merged Company will grant Commission staff access to aggregate service quality data currently available to wholesale carriers on the companies' websites.
- **36.** The Merged Company shall provide to wholesale carriers, and maintain and make available to wholesale carriers on a going-forward basis, up-to-date escalation information, contact lists, and account manager information and will provide this information, when possible, thirty days prior to the Closing Date. If not possible, the Merged Company will provide the information within five business days, absent exigent circumstances. For changes to support center location, the Merged Company will provide at least thirty days advance written notice to wholesale carriers and Commission staff. For other changes, the Merged Company will provide reasonable notice, as circumstances permit, of the changes and will keep pertinent information timely updated. The information and notice provided shall be consistent with the terms of applicable interconnection agreements.
- **37.** The Merged Company will make available to each wholesale carrier in the legacy Qwest ILEC service territory the types and level of data, information, and assistance that Qwest made available as of the Closing Date concerning Qwest's wholesale Operational Support Systems functions and wholesale business practices and procedures, including information provided via the wholesale web site (which Qwest sometimes refers to as its Product Catalog or "PCAT"), notices, industry letters, the change management process, and databases/tools (loop qualification tools, loop make-up tool, raw loop data tool, ICONN database, *etc.*).
- **38.** The Merged Company shall ensure that wholesale and CLEC operations are sufficiently staffed and supported, relative to wholesale order volumes, by personnel, including IT personnel, adequately trained on the Qwest and CenturyLink systems and processes. With respect to the wholesale and CLEC operations, such personnel shall be dedicated exclusively to wholesale operations so as to provide a level of service that is not less than and is functionally equivalent to that which was provided by Qwest prior to the Merger Closing Date and to ensure that customer protected information is not used by the Merged Company's retail operations for marketing purposes. The Merged Company will employ people who are dedicated to the task of meeting the needs of wholesale customers.

- **39.** Qwest will not seek to reclassify as "non-impaired" any Qwest Oregon wire centers for purposes of Section 251 of the Communications Act, nor will the Merged Company file any new petition under Section 10 of the Communications Act seeking forbearance from any Section 251 or 271 obligation or dominant carrier regulation in any Qwest Oregon wire center before June 1, 2012.
- **40.** In the legacy Qwest ILEC service territory, if the Commission acknowledges or approves the Settlement Agreement filed by CenturyLink, Qwest and Integra in this docket, the line conditioning amendment including all rates, terms and conditions related to condition 14 of that Settlement Agreement will be made available to any requesting carrier no later than 30 days after the transaction Closing Date.
- **41.** After the Closing Date, the Merged Company will engineer and maintain its network in compliance with federal and state law, as well as the terms of applicable ICAs.
 - a. The Merged Company shall not engineer the transmission capabilities of its network in a manner, or engage in any policy, practice, or procedure, that disrupts or degrades access to the local loop, as provided by 47 C.F.R. § 51.319(a)(8).
 - b. The Merged Company will retire copper in compliance with federal and state law, as well as the terms of applicable ICAs and as required by a change of law.
- **42.** If the Merged Company changes the carriers it uses to provide intrastate long distance service to customers in either the pre-merger CenturyLink or the pre-merger Qwest areas, the company will notify each of the affected Oregon intrastate long distance customers at least 30 days in advance of the change. For 90 days following the customer transfers, CenturyLink will waive any change charges, e.g., PICs, for customers choosing to change carriers.
- **43.** CenturyLink will designate a representative to serve on the Commission's Oregon Telecommunications Industry Advisory Committee, which generally convenes on a quarterly basis, should the incumbents representing Qwest and CenturyLink, respectively, vacate their seats as a result of the merger.
- **44.** Prior to any billing system consolidations or changes, CenturyLink will provide to the OTAP Manager and Administrative Specialist a description of how the OTAP credits are listed on customer bills. CenturyLink will also provide the OTAP Manager and Administrative Specialist a sample copy of a customer's bill that lists the OTAP/Lifeline credits. The OTAP Manager and Administrative Specialist will accept a redacted copy in which the customer's personal identifying information is protected.
- **45.** CenturyLink will maintain sufficient staff levels to effectively address daily communications with Commission Staff regarding OTAP/Lifeline questions and concerns and OTAP/Lifeline reporting issues. Prior to any billing system consolidations or changes, CenturyLink will provide notice to the OTAP Manager of staffing changes that impact the established process for filing reports and addressing OTAP staff questions and concerns.
- **46.** If Legacy Embarq or CenturyTel personnel identify an approved OTAP/Lifeline customer for the other's territory on a Commission approval report due to Staff error, legacy personnel must either:
 - a. Notify the OTAP Manager and Administrative Specialist of the discrepancy on the No Match report, or
 - b. Contact personnel (and the OTAP Manager and Administrative Specialist) of the customer's respective territory to apply the OTAP/Lifeline credit to their account.
- **47.** Before the close of transaction, CenturyLink will designate at least one liaison for higher level discussions with the OTAP Manager should the incumbents representing Qwest and CenturyLink, respectively vacate their positions as a result of the merger.

- **48.** Post merger, CenturyLink will advise the OTAP Manager of any impending OTAP/Lifeline marketing and outreach efforts (e.g. radio public service announcements). In addition, CenturyLink will provide the OTAP Manager electronic copies of its OTAP/Lifeline advertising collateral.
- **49.** Prior to the merger, CenturyLink, including Embarq and Qwest, will have no outstanding debt to the Commission with respect to the RSPF surcharge collection, remittance, and reporting requirements.
- **50.** CenturyLink will provide notice to and input from the OTAP Manager prior to making material changes to the existing Qwest mechanized OTAP reporting system.
- 51. CenturyLink agrees that the Operating Companies, including Qwest, will comply with all applicable Commission statutes and regulations regarding affiliated interest transactions, including timely filings of applications and reports, consistent with their respective forms of regulation, and terms of such regulation, as applicable to each respective Operating Company. To the extent affiliated interest changes do occur, the Company or its Operating Companies will make the appropriate affiliated interest filings pursuant to ORS 759.390 consistent with their respective forms of regulation.
- **52.** Within 12 months after the close of this transaction, CenturyLink will file with the Commission affiliated interest agreements, including an updated Cost Allocation Manual for services that reflect as charges and credits to operating accounts in Operating Companies' Form O.
- **53.** The certificates of all CenturyLink and Qwest entities certified as Competitive Providers in Oregon will remain in effect and unchanged as of the date of close of the transaction. Thereafter, CenturyLink and Qwest will report any changes affecting those certificates in compliance with applicable Commission statutes and regulations.

This Stipulation is entered into by each Party as of December 2, 2010:

Secretary and the secretary an
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Legal Counsel for CUB

Attorney for Staff of the Public Utility

Commission of Oregon

provision of this Stipulation is appropriate for resolving issues in any other proceeding.

12. If any Party reaches a settlement with any other party to this proceeding not signing this Stipulation that is filed with the Commission, other Parties may file comments to the Commission on that settlement as provided in OAR 860-014-0085.

This Stipulation is entered into by each Party as of December 1, 2010:

CENTURYLINK

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Respectfully Submitted,

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CERTIFICATE OF SERVICE UM-1484

I certify that on December 2nd, 2010,a true and correct copy of the **Stipulation between CenturyLink, Qwest, Commission Staff and CUB** was served on the following parties via electronic mail and US Mail where applicable:

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