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BEFORE THE ~~RECEIVED~~ ARIZONA CORPORATION COMMISSION

ORIGINAL

1  
2 **BOB STUMP**

Chairman

3 **GARY PIERCE**

Commissioner

4 **BRENDA BURNS**

Commissioner

5 **BOB BURNS**

Commissioner

6 **SUSAN BITTER SMITH**

Commissioner

2014 AUG 26 P 4:17

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

AUG 26 2014

DOCKETED BY

7  
8 **IN THE MATTER OF THE JOINT NOTICE AND**  
9 **APPLICATION OF QWEST CORPORATION,**  
10 **QWEST COMMUNICATIONS COMPANY, LLC,**  
11 **QWEST LD CORP., EMBARQ**  
12 **COMMUNICATIONS, INC. D/B/A**  
13 **CENTURYLINK COMMUNICATIONS,**  
14 **EMBARQ PAYPHONE SERVICES, INC. D/B/A**  
15 **CENTURYLINK AND CENTURYTEL**  
16 **SOLUTIONS, LLC, FOR APPROVAL OF THE**  
17 **PROPOSED MERGER OF THEIR PARENT**  
18 **CORPORATIONS, QWEST COMMUNICATIONS**  
19 **INTERNATIONAL, INC., AND CENTURYTEL,**  
20 **INC.**

DOCKET NO. T-01051B-10-0194  
DOCKET NO. T-02811B-10-0194  
DOCKET NO. T-04190A-10-0194  
DOCKET NO. T-20443A-10-0194  
DOCKET NO. T-03555A-10-0194  
DOCKET NO. T-03902A-10-0194

NOTICE OF FILING  
COMPLIANCE TO SETTLEMENT  
AGREEMENT CONDITION NO. 34

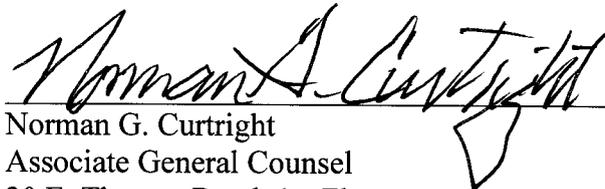
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The attached report is being filed as required by Condition No. 34 of the Settlement Agreement among and between the Joint Applicants, the Commission Staff, and the Residential Utilities Consumer Office, approved and ordered by the Arizona Corporation Commission in Decision No. 72232.<sup>1</sup>

Confidential information contained in the report was provide directly to the Commissioners, Staff, and RUCO, but has been redacted in the attached version.

<sup>1</sup> Merger Condition No. 34 in Decision No. 72232 requires that this report be filed during the first year following the merger and for two subsequent 12-month reporting periods. Prior reports under this Merger Condition were filed on 8/30/12 and 8/30/13. This report is the third of the three reports required under Merger Condition No. 34 and as such the reporting requirement has sunset and no further reports will be filed.

1 RESPECTFULLY SUBMITTED, this 26th day of August, 2014.

2 QWEST CORPORATION d/b/a  
3 CENTURYLINK-QC

4 

5 Norman G. Curtright  
6 Associate General Counsel  
7 20 E. Thomas Road, 1st Floor  
8 Phoenix, Arizona 85012  
9 Telephone: (602) 630-2187

10 ORIGINAL and thirteen (13) copies filed  
11 this 26th day of August, 2014, with:

12 Docket Control  
13 ARIZONA CORPORATION COMMISSION  
14 1200 West Washington Street  
15 Phoenix, Arizona 85007

16 COPY of the foregoing hand-delivered  
17 this 26<sup>th</sup> day of August, 2014, to:

18 Belinda Martin, Administrative Law Judge  
19 Hearing Division  
20 ARIZONA CORPORATION COMMISSION  
21 1200 West Washington Street  
22 Phoenix, AZ 85007

23 Janice Alward, Chief Counsel  
24 Legal Division  
25 ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
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Steve Olea, Director  
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Daniel W. Pozefsky, Chief Counsel  
Residential Utility Consumer Office  
1110 W. Washington Street, Suite 220  
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Copy of the foregoing sent via U.S. Mail  
this 26th day of August, 2014, to:

Michael Patten  
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One Arizona Center  
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Phoenix, AZ 85003

Gregory Merz  
Gray Plant Mooty  
500 IDS Center  
80 S. Eighth St.  
Minneapolis, MN 55402

# CenturyLink Annual Merger Report

## Merger Commitment 34

August 30, 2014

### Introduction

According to the Settlement Agreement approved by the Commission on March 9, 2011 (Decision 72232; CenturyLink-Qwest Merger), the merged company agreed to the following condition, listed as Condition Number 34:

34. Within 60 days of the nearest calendar quarter after the annual anniversary date marking the close of the merger, and for two subsequent 12-month reporting periods, CenturyLink shall provide 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 Arizona-allocated basis;
  - c. Organizational and staff force changes in Arizona operations;
  - d. Detail any cost savings that have resulted from the merger and have been passed on to consumers. The company can file its Arizona CAPEX and operating expenses to satisfy this condition;
  - e. Improvement in the Merged Company's complaint level in Arizona;
  - f. New services, including bundles available to customers;
  - g. Improvement in service quality measures;
  - h. Infrastructure improvements;
  - i. Expanded broadband coverage; and
  - j. Any other impacts on Arizona operations and customers.

Over three and a half years have now passed since the Merger was finalized. In this timeframe, CenturyLink has made significant progress integrating the two companies, and has achieved

significant synergies, as detailed below. In addition, CenturyLink has invested heavily in its Arizona network, providing upgraded broadband capabilities throughout its Arizona serving area.<sup>1</sup> In this report and its confidential attachments, CenturyLink provides the information requested for each of the items in Merger Commitment 34, and describes the progress it has made since the merger was closed on April 1, 2011. This will be the final report CenturyLink will file in compliance with Merger Commitment 34.

**a. Substantive activities undertaken relating to integrating Qwest operations with CenturyLink, as well as achieving synergies made available as a result of this transaction.**

Merger Condition 14 requires CenturyLink to provide, every six months, a report to Staff “showing integration plans describing the scheduling and scoping of major systems conversions that may impact Arizona customers . . .” Since the annual report filed a year ago, CenturyLink has filed two integration reports describing, in a qualitative manner, the integration activities it has pursued since the Merger closed. The two reports were filed on January 14, 2014 and July 15, 2014. These reports, provided as Attachments A and B, describe the “substantive activities undertaken relating to integrating Qwest operations with CenturyLink” as well as “achieving synergies.”

Merger Condition 34(a) also requires the company to report synergies on a CenturyLink total company basis. Please refer to the response to Condition 34(b) below, which provides this synergy data.

**b. Costs and projected savings of each such respective activity on a CenturyLink total company and Arizona-allocated basis.**

CenturyLink has made significant progress in the integration of the former Qwest operations with CenturyLink operations. As a result, CenturyLink has realized synergies since the merger was consummated and has also incurred costs to integrate the companies. Confidential Attachment C provides the level of estimated synergies achieved and integration costs incurred over the third year after the merger—April 1, 2013 through March 31, 2014—for the total company and for Arizona. The synergies are broken down by six functional/organizational areas. Confidential Attachment D provides estimated integration costs and synergy savings for the total company and Arizona over the same time period, but in this attachment synergies are identified by activity category (headcount and non-headcount), and integration costs are identified by type (including severance/retention/equity, finance, information technology, Network and Other).

**c. Organizational and staff force changes in Arizona operations.**

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<sup>1</sup> As reported in last year’s report, CenturyLink met the five year broadband investment commitment specified in Merger Commitment 17 in 2012.

Confidential Attachment E provides the quarterly number of CenturyLink employees located in Arizona for the first, second and third second years after the merger was consummated, identified by organization. This attachment shows that the number of Arizona employees has actually increased since the merger closing. In fact, the Business and Consumer organizations have grown significantly in the last year, in part due to the 2013 roll out of PRISM TV service in the Phoenix area.

**d. Detail any cost savings that have resulted from the merger and have been passed on to consumers. The company can file its Arizona CAPEX and operating expenses to satisfy this condition.**

As described above, CenturyLink has realized significant ongoing synergies since the merger was consummated, but has also incurred significant integration costs in order to achieve those synergies. In addition, CenturyLink has continued to invest in its Arizona network, as described in the response for Merger Condition 34(h) below and in Confidential Attachment F, which shows 2013 CenturyLink QC capital expenditures in Arizona. Confidential Attachment G includes 2013 CenturyLink QC Operating Expenses for Arizona. Overall, customers are realizing the benefits of the merger as CenturyLink achieves synergies and efficiencies, which enhance the company's ability to further invest in its network, implement process improvements and develop new services such as PRISM.

**e. Improvement in the Merged Company's complaint level in Arizona;**

Confidential Attachment H shows the number of complaints for April 2010 through March 2011 (last year pre-merger) and for April 2013 through March 2014 (third year post-merger). In the third year after the Merger was completed, the number of complaints for CenturyLink in Arizona was 14% higher than the number of complaints for the twelve months prior to the merger. Overall complaints declined in the first year after the merger (April 2011 through March 2012), and increased in the second post-merger year (April 2012 through March 2013) and the third post-merger year (April 2013 through March 2014).

**f. New services, including bundles available to customers.**

The major new product offered by CenturyLink since the merger was consummated is the PRISM TV offering, which now provides video services to customers in the Phoenix area. This service is not a tariffed service offered by CenturyLinkQC, but is a deregulated service offered by another CenturyLink entity.

Attachment I contains a list of the new *tariffed* services that have been introduced by CenturyLink QC since April 1, 2011. The services introduced since the last report are shown below the solid line in the attachment.

**g. Improvement in service quality measures.**

For the third full year following the merger (April 2013 through March 2014), CenturyLink showed an improvement in each wholesale performance metric when compared with the pre-merger wholesale performance levels in Arizona. When compared to the pre-merger baseline year of 2010, CenturyLink improved response time to pre-order queries, confirmed electronically submitted orders more quickly, met more installation appointments on time, reduced provisioning intervals, reduced troubles on new installations, had fewer trouble reports in proportion to total lines, improved mean time to repair, reduced repeat reports, and improved call center response times. The wholesale results for 2010 and the third year of the merger (April 1, 2013 through March 31, 2014) are included as Confidential Attachment J.

Retail service quality has stayed fairly consistent since the merger. Confidential Attachment K provides a comparison of key service quality metrics for 2010, 2011, 2012, 2013 and the first half of 2014.

**h. Infrastructure improvements.**

Between April 1, 2013 and March 31, 2014, CenturyLink made significant investments in network modernization (capital improvement) in Arizona. Please refer to Confidential Attachment L for a description of these improvements, including improvements in broadband facilities. Please also refer to Confidential Attachment M, which includes a presentation made to the Commission Staff in June 2014. This presentation describes broadband investments CenturyLink has made in Arizona through 2013.

**i. Expanded broadband coverage.**

Please see the response to Part (h), which includes a description of the expansion of broadband coverage in CenturyLink QC's Arizona serving area.

**j. Any other impacts on Arizona operations and customers.**

CenturyLink believes that the overall impact of the merger on Arizona operations and customers has been very positive, as the data provided in this report demonstrates. CenturyLink has made significant infrastructure investments since the merger closing, including broadband investments that more than satisfied its merger commitment and the deployment of Prism™ TV. The company continues to achieve synergies as it integrates the two company operations in an efficient manner.

BEFORE THE ARIZONA CORPORATION COMMISSION

1  
2 **BOB STUMP**  
3 **Chairman**  
4 **GARY PIERCE**  
5 **Commissioner**  
6 **BRENDA BURNS**  
7 **Commissioner**  
8 **BOB BURNS**  
9 **Commissioner**  
10 **SUSAN BITTER SMITH**  
11 **Commissioner**

2014 JAN 16 P 4 21

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

8 **IN THE MATTER OF THE JOINT NOTICE AND**  
9 **APPLICATION OF QWEST CORPORATION,**  
10 **QWEST COMMUNICATIONS COMPANY, LLC,**  
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19 **INTERNATIONAL, INC., AND CENTURYTEL,**  
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**DOCKET NO. T-01051B-10-0194**  
**DOCKET NO. T-02811B-10-0194**  
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**DOCKET NO. T-20443A-10-0194**  
**DOCKET NO. T-03555A-10-0194**  
**DOCKET NO. T-03902A-10-0194**

**NOTICE OF FILING**  
**COMPLIANCE TO SETTLEMENT**  
**AGREEMENT CONDITION NO. 14**

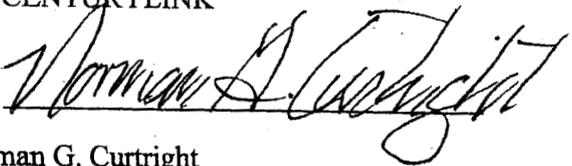
17 CenturyLink hereby files notice that a report was provided to the Commissioners, Staff,  
18 and RUCO on January 16, 2014 as required by Condition No. 14 of the Settlement Agreement  
19 among and between the Joint Applicants, the Commission Staff, and the Residential Utilities  
20 Consumer Office, approved and ordered by the Arizona Corporation Commission in Decision  
21 No. 72232. The report included information addressing the following systems integration  
22 activity for the period of July 1, 2013 through December 31, 2013:  
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1. Network Inventory Systems - Legacy CenturyLink transport network inventory to Legacy Qwest TIRKS conversion;

RESPECTFULLY SUBMITTED, this 16<sup>th</sup> day of January, 2014.

QWEST CORPORATION d/b/a  
CENTURYLINK

By: 

Norman G. Curtright  
Associate General Counsel, Qwest  
20 E. Thomas Rd., 16<sup>th</sup> Floor  
Phoenix, Arizona 85012  
Attorney for Qwest Corporation

ORIGINAL and thirteen (13) copies filed this 16<sup>th</sup> day of January, 2014, with:

Docket Control  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, Arizona 85007

Copy of the foregoing hand-delivered this 16<sup>th</sup> day of January, 2014, to:

Belinda Martin, Administrative Law Judge  
Hearing Division  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, Arizona 85007

Janice Alward, Chief Counsel  
Legal Division  
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1200 West Washington Street  
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1 Steve Olea, Director  
2 Utilities Division  
3 ARIZONA CORPORATION COMMISSION  
4 1200 West Washington Street  
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4 Pat Quinn - Director  
5 Residential Utilities Consumer Office  
6 1110 W. Washington, Ste 220  
7 Phoenix, AZ 85007

Brian Bozzo  
Manager - Compliance and Enforcement  
Utilities Division  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, Arizona 85007

8  
9 Copy of the foregoing sent via US mail  
10 this 16<sup>th</sup> day of January, 2014, to:

10 Michael Patten  
11 Roshka DeWulf & Patten, PLC  
12 One Arizona Center  
13 400 E Van Buren St - 800  
14 Phoenix, AZ 85004

Katherine Mudge  
Director, State Affairs & Litigation  
MegaPath Corporation  
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Austin, TX 78758

13 Gregory L. Rogers  
14 Level 3 Communications, LLC  
15 1025 Eldorado Boulevard  
16 Broomfield, CO 80021

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17 Pena & Associates  
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Ms Rochelle Jones  
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McLeod USA Telecommunications Services,  
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*Reed Peterson*

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Fax: 602 630 5337  
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January 16, 2014

Honorable Bob Stump  
Chairman, Arizona Corporation Commission

Gary Pierce  
Commissioner, Arizona Corporation Commission

Brenda Burns  
Commissioner, Arizona Corporation Commission

Bob Burns  
Commissioner, Arizona Corporation Commission

Susan Bitter Smith  
Commissioner, Arizona Corporation Commission



Re: CenturyLink-Qwest Merger – Docket Nos. T-01051B-10-0194, et al  
Compliance Report in Connection With Merger Condition No. 14  
Decision No. 72322

Dear Chairman Stump and Commissioners:

Enclosed please find CenturyLink's semi-annual report of system integration activities resulting from the Merger of Qwest Corporation and CenturyLink as approved by the Commission in the above referenced Docket.

Condition No. 14 of the Settlement Agreement between the Joint Applicants, Staff, and RUCO requires CenturyLink to provide a semi-annual report for a period of three years following completion of the merger. The report is to include integration plans describing the scheduling and scoping of major systems conversions that may impact Arizona customers including business office and trouble reporting call centers, maintenance systems that monitor central office and transport equipment, engineering systems, outside plant record systems, billing systems, and wholesale OSS.

Chairman Stump  
CenturyLink Merger Condition 14  
January 16, 2014

Attachment A to this letter provides information on the following activities during the July through December 2013 timeframe.

1. Network Inventory Systems - Legacy CenturyLink transport network inventory to Legacy Qwest TIRKS conversion;

Sincerely,

*Reed Peterson*

cc: Steve Olea – Utilities Director  
Brian Bozzo – Compliance Manager

Pat Quinn  
Director – RUCO  
1110 W. Washington, Ste 220  
Phoenix, AZ 85007

**CenturyLink/Qwest Merger**  
**Arizona Semi-Annual Integration Status Report**  
**January 16, 2014**

**Introduction**

CenturyLink is providing the Arizona Public Utilities Commission ("Commission") with this semi-annual update regarding the progress of the integration of Qwest Corporation ("Qwest") and CenturyLink, pursuant to the Opinion and Order that was issued by the Commission in Docket No. T-01051B-10-0194 et al, entered on March 9, 2011.<sup>1</sup> Efforts towards the integration of the companies have continued since the previous report filed on July 15, 2013, as outlined below. Specifically, this report addresses substantive integration activities that have occurred in the past six months:

**Substantive Integration Activities**

CenturyLink's Integration Management Office is leading the analysis and implementation phases of Systems Integration for the Qwest merger. Pursuant to CenturyLink's ongoing system review process, no additional system selection decisions were made during this reporting period regarding the integration or final disposition of customer facing Operational Support Systems ("OSS") and other substantive systems. A summary of integration activity completed since the last report is detailed below.

**Network Inventory Systems:** CenturyLink continues to progress in its preparation for the previously reported transport network inventory consolidation project. The initial phase of the transport network inventory systems conversion encompasses the replacement of the legacy CenturyLink inventory systems with the legacy Qwest TIRKS systems. As previously reported the conversions will be conducted in phases by state or groups of states with the initial conversion planned for early 2014 and the remaining phases planned to be completed in 2015. As part of the conversions CenturyLink will notify CLECs in advance of the conversion date and of any potential impacts or changes to the current processes associated with the inventory systems. While this conversion represents a major migration of company systems, it is important to note that this will have little impact on Arizona, since the state already operates using the legacy Qwest network inventory system.

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<sup>1</sup> This report is in compliance with Condition 14 of the Settlement Agreement between the Joint Applicants, Utilities Division Staff, and the Residential Utility Consumer Office as approved by the Commission.

BEFORE THE ARIZONA CORPORATION COMMISSION

2014 JUL 15 P 4:20

**BOB STUMP**  
Chairman  
**GARY PIERCE**  
Commissioner  
**BRENDA BURNS**  
Commissioner  
**BOB BURNS**  
Commissioner  
**SUSAN BITTER SMITH**  
Commissioner

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

**IN THE MATTER OF THE JOINT NOTICE AND APPLICATION OF QWEST CORPORATION, QWEST COMMUNICATIONS COMPANY, LLC, QWEST LD CORP., EMBARQ COMMUNICATIONS, INC. D/B/A CENTURYLINK COMMUNICATIONS, EMBARQ PAYPHONE SERVICES, INC. D/B/A CENTURYLINK AND CENTURYTEL SOLUTIONS, LLC, FOR APPROVAL OF THE PROPOSED MERGER OF THEIR PARENT CORPORATIONS, QWEST COMMUNICATIONS INTERNATIONAL, INC., AND CENTURYTEL, INC.**

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DOCKET NO. T-02811B-10-0194  
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**NOTICE OF FILING  
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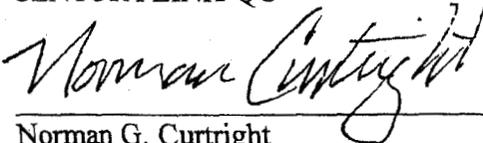
CenturyLink hereby files notice that a report was provided to the Commissioners, Staff, and RUCO on July 15, 2014 as required by Condition No. 14 of the Settlement Agreement among and between the Joint Applicants, the Commission Staff, and the Residential Utilities Consumer Office, approved and ordered by the Arizona Corporation Commission in Decision No. 72232.<sup>1</sup> The report included information addressing the following systems integration activity for the period of January 1, 2014 through the third anniversary of the close of the merger on April 1, 2014:

<sup>1</sup> Merger Condition No. 14 in Decision No. 72232 provides for a sunset of this reporting requirement, which occurs three years following the close of the merger. Three years have now elapsed since the merger officially closed on April 1, 2011. Therefore, this will be the last report filed in connection with this Merger Condition.

- 1 1. Network Inventory Systems - Legacy CenturyLink transport network inventory to Legacy  
2 Qwest TIRKS conversion.

3  
4 RESPECTFULLY SUBMITTED, this 15<sup>th</sup>, day of July, 2014.

5 QWEST CORPORATION d/b/a  
6 CENTURYLINK-QC

7 

8 Norman G. Curtright  
9 Associate General Counsel  
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10 ORIGINAL and thirteen (13) copies filed  
11 this 15<sup>th</sup>, day of July, 2014, with:

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7 Phoenix, AZ 85004

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9 Gregory L. Rogers  
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11 1025 Eldorado Boulevard  
12 Broomfield, CO 80021

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14

15 Rogelio Pena  
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17 4845 Pearl East Circle - 101  
18 Boulder, CO 80301

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20 Mark DiNunzio  
21 Cox Arizona Telcom, LLC  
22 1550 W. Deer Valley Road  
23 MS:DV3-16, Bldg. C  
24 Phoenix, AZ 85027

25

1 McLeod USA Telecommunications Services,  
2 LLC  
3 Attn: Stephanie D. Marsh  
4 4001 Rodney Parham Road  
5 Little Rock, AR 72212

6

7 Daniel D. Haws  
8 OSJA  
9 Attn: AZTS-JAD  
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**CenturyLink**

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July 15, 2014

Honorable Bob Stump  
Chairman, Arizona Corporation Commission

Gary Pierce  
Commissioner, Arizona Corporation Commission

Brenda Burns  
Commissioner, Arizona Corporation Commission

Bob Burns  
Commissioner, Arizona Corporation Commission

Susan Bitter Smith  
Commissioner, Arizona Corporation Commission



Re: CenturyLink-Qwest Merger – Docket Nos, T-01051B-10-0194, et al  
Compliance Report in Connection with Merger Condition No. 14  
Decision No. 72322

Dear Chairman Stump and Commissioners:

Enclosed please find CenturyLink's semi-annual report of system integration activities resulting from the merger of Qwest Corporation and CenturyLink, as required by the Commission in the above referenced docket.

Condition No. 14 of the Settlement Agreement between the Joint Applicants, Staff, and RUCO requires CenturyLink to provide a semi-annual report for a period of three years following completion of the merger.<sup>1</sup> The report is to include integration plans describing the scheduling and scoping of major systems conversions that may impact Arizona customers, including business office and trouble reporting call centers, maintenance systems that monitor central office and transport equipment, engineering systems, outside plant record systems, billing systems, and wholesale Operations Support Systems (OSS).

<sup>1</sup> Merger Condition No. 14 in Decision No. 72232 provides for a sunset of this reporting requirement, which occurs three years following the close of the merger. Three years have now elapsed since the merger officially closed on April 1, 2011. Therefore, this will be the last report filed in connection with this Merger Condition.

Chairman Stump  
CenturyLink Merger Condition No. 14  
Compliance Report  
July 15, 2014

Attachment A to this letter provides information on the following activity during the period of January 1, 2014 through the third anniversary of the close of the merger on April 1, 2014.

1. Network Inventory Systems – Legacy CenturyLink transport network inventory to Legacy Qwest TIRKS conversion.

Sincerely,



Cc: Steve Olea – Utilities Director  
Brian Bozzo – Compliance Manager  
Patrick Quinn – RUCO Director

**CenturyLink/Qwest Merger**  
**Arizona Semi-Annual Integration Status Report**

July 15, 2014

**Introduction**

CenturyLink is providing the Arizona Public Utilities Commission ("Commission") with this semi-annual update regarding the progress of the integration of Qwest Corporation ("Qwest") and CenturyLink, pursuant to the Opinion and Order that was issued by the Commission in Docket No. T-01051B-10-0194 et al, entered on March 9, 2011.<sup>1</sup> Efforts towards the integration of the companies have continued since the previous report filed on January 15, 2014, as outlined below. Specifically, this report addresses substantive integration activities that have occurred in the past six months, up to the third anniversary of the merger close (April 1, 2014) :

**Substantive Integration Activities**

CenturyLink's Integration Management Office is leading the analysis and implementation phases of Systems Integration for the Qwest merger. Pursuant to CenturyLink's ongoing system review process, no additional system selection decisions were made during this reporting period regarding the integration or final disposition of customer facing Operational Support Systems ("OSS") and other substantive systems. A summary of integration activity completed since the last report is detailed below.

**Network Inventory Systems:** CenturyLink continues to progress in its implementation of the previously reported transport network inventory consolidation project. The initial phase of the transport network inventory systems conversion encompasses the replacement of the legacy CenturyLink inventory systems with the legacy Qwest TIRKS systems. As previously reported, the conversions will be conducted in phases by state or groups of states. The remaining phases are planned to be completed by the end of 2015. As part of the conversions CenturyLink provides CLECs advance notification of the conversion date and of any potential impacts or changes to the current processes associated with the inventory systems. While this conversion represents a major migration of company systems, it is important to note that this will have little impact on Arizona, since the state already operates using the legacy Qwest network inventory system.

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<sup>1</sup> This report is in compliance with Condition 14 of the Settlement Agreement between the Joint Applicants, Utilities Division Staff, and the Residential Utility Consumer Office as approved by the Commission.

**CenturyLink**  
**Estimated Synergies from CenturyLink / Qwest Merger**  
**For the 12-month period – April 1, 2013 through March 31, 2014**

<b>Functional Area</b>	<b>Total Company</b>	<b>ARIZONA <sup>1</sup></b>
Corporate	<b>REDACTED</b>	<b>REDACTED</b>
Region Markets		
Network Services		
Information Technology		
Wholesale Markets		
Long Distance		
<b>Total All Functional Areas</b>		

	<b>Total Company</b>	<b>ARIZONA <sup>1</sup></b>
<b>Integration Costs</b>	<b>REDACTED</b>	

<sup>1</sup> Includes Arizona operations of Qwest Corporation

**Integration Costs**

Severance/Retention/Equity  
 Finance (SAP integration, Real Estate, other)  
 IT  
 Network  
 Real Estate  
 Other

Total Company

Arizona

REDACTED	

**Synergies**

Headcount

Non-Headcount:

Finance  
 Finance  
 Finance  
 IT  
 IT  
 IT  
 Network Services  
 Network Services  
 Network Services  
 Network Services  
 RMG  
 RMG  
 RMG  
 RMG  
 Other

Real Estate / Fleet  
 Consolidate Insurance Programs  
 Strategic Sourcing  
 Contract Labor  
 Maintenance  
 OPS Consolidation  
 Fixed Cost (Entrance + Loop)  
 IP  
 Maintenance  
 CTL 8XX On-Net Conversion  
 Call Center  
 Cable Locate  
 Marketing and Advertising  
 Modem (CPE)

REDACTED	



BU NAME June 2011 Sept 2011 Dec 2011 Mar 2012 June 2012 Sept 2012 Dec 2012 Mar 2013 June 2013 Sept 2013 Dec 2013 Mar 2014 Jun 2014

Corporate Strategy
Data Hosting and Cloud Services
Business Markets Group
Enterprise Markets Group
Finance
Human Resources
Integration & Process Improvement
IT
Global IT Services & Solutions
Legal
Network Services
Public Policy
Business & Consumer (was - Regional Markets)
Wholesale Operations

REDACTED

**2013 CAPEX**

	<b>Amount</b>
DSL Existing Mkt Expansion	<b>REDACTED</b>
DSL Growth	
Video	
HSI Bandwidth Augmentation	
IP - Ethernet Core	
Marketable Revenue/FTTT	
Natl Market Rev - Business	
Natl Market Rev - Consumer	
Natl Market Rev - Wholesale	
Network Plan - Access	
Network Plan - Switching	
Network Plan - Transport	
Network Reliability	
Real Estate	
Roadmoves(Cable And DLC'S)	
<b>Total CAPEX</b>	

**2013 Expenses**

Cost of Services and Products

Maintenance

Engineering

Network Operations

Network Administration

Access

Provisioning

Total Cost of Serv and Prod

Selling, General & Administrative

Customer Operations

Corporate Operations

Property and Other Operating Taxes

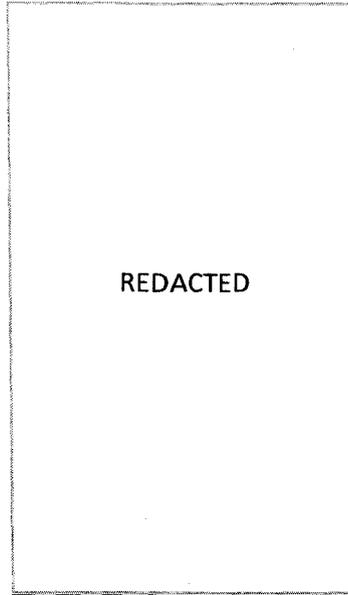
Uncollectibles

Total Selling, Gen, and Admin

Other Operating Income and Expense

Depreciation and Amortization

**Total Oper Expenses**



Arizona Customer Complaints

Primary Subject	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Grand Total
3rd Party Billing													
Access													
Advertising													
Annoyance Calls													
Bundle													
Buried Drop													
Business Claim													
Call Handling													
Calling Card													
Carrier													
Choice TV/DSL													
Collect Calls													
Construction													
CPE													
Damage Claim													
Delayed Service Order													
Direct Dialed Calls													
Direct TV													
Directory Assistance													
Dish													
Driving													
DSL													
Final Bill													
Held Order													
Installation													
Listings													
LNP													
Mailings													
Monthly Service													
MSN - Broadband													
Operator Assisted Calls													
Pay per use													
PRISM													
QBPP													
Qwest LD Service													
Repair													
Solicitation													
Stand Alone DSL													
TAP (Telephone Assistance													
Taxes/Surcharges													

REDACTED

Primary Subject	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Grand Total
TLA Charges	REDACTED												
Treatment	REDACTED												
Unauthorized PIC Change	REDACTED												
VMS	REDACTED												
VOIP	REDACTED												
Winback	REDACTED												
Wireless Service	REDACTED												
Wireless Service - Verizon	REDACTED												
<b>Grand Total</b>	REDACTED												

Collection Point	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Grand Total
Attorney General	REDACTED												
Better Business Bureau	REDACTED												
Correspondence	REDACTED												
Customer Advocacy	REDACTED												
Exec - Glen Post	REDACTED												
Executive Offices	REDACTED												
FCC	REDACTED												
Media Relations	REDACTED												
Other	REDACTED												
PUC	REDACTED												
PUC - Inquiry	REDACTED												
Voice Mail	REDACTED												
<b>Grand Total</b>	REDACTED												

**CenturyLink QC - New Service Tariff Filings - Post Merger**

Effective Date	Description	Tariff
7/5/11	Addition of New Equipment	QC Exchange and Network Services Catalog, Section 17.1
2/15/12	Add OTU2 Ports to GeoMax and Qwave	QC Private Line Price Cap Tariff, Section 5.2.18
4/26/12	Introduce ISDN PRS Bundle and Group 2 Rates	QC Exchange and Network Services Price Cap Tariff, Section 14.3.1
5/11/12	Introduce Core Connect Professional	QC Exchange and Network Services Price Cap Tariff, Section 5.11.2
5/23/12	Introduce Protected Ports & Name Change Qwave to OWS	QC Private Line Price Cap Tariff, Section 5.2.18
11/17/2012	Introduce new MOE Rate Elements	QC Competitive Advanced Communications Services Price Cap Tariff, Section 10.1.2
12/12/2012	Add OTU2E (End to End) to GeoMax & OWS	QC Competitive Private Line Transport Services Price Cap Tariff, Section 5.2.18
1/31/2013	Add Unprotected Dual Ports to GeoMax OTU2 & OTU2E	QC Competitive Private Line Transport Services Price Cap Tariff, Section 5.2.18
11/14/2013	Add 100G, OTU1, U3, U4 to GeoMax	Qwest Corp Competitive Private Line Transport Services Tariff No. 6
11/14/2013	Add 100G, OTU1, U3, U4 to OWS	Qwest Corp Private Line Transport Services Catalog
5/19/2014	Add 1 Mbps to Metro Optical Ethernet (MOE)	Qwest Corp Competitive Advanced Communications Services Tariff No. 5
<b>OTHER 2013/2014 FILINGS</b>		
1/1/2013	Toll AUSF Change	Qwest Corp Exchange and Network Services Catalog
3/19/2013	Deregulation of Price Cap Services	Qwest Corp Exchange and Network Services Catalog
3/19/2013	Maximum Rate/Rate Increase	Qwest Corp Competitive Exchange and Network Services Tariff No. 3
3/19/2013	Remove Deregulated Products	Qwest Corp Competitive Private Line Transport Services Price Cap Tariff
3/19/2013	Deregulated Products Removed from Tariff	Qwest Corp Private Line Transport Services Catalog
5/15/2013	Revision to Low Use Option and Tariff Cleanup	Qwest Corp Competitive Exchange and Network Services Tariff No. 3
6/6/2013	Reduce Early Termination Fees for Core Connect Pro	Qwest Corp Competitive Exchange and Network Services Tariff No. 3
7/1/2013	Arizona 2013 Rate Increases	Qwest Corp Access Service Price Cap Tariff
7/2/2013	ICC Rate Adjustment Phase II	Qwest Corp Competitive Private Line Transport Services Price Cap Tariff
7/2/2013	ICC Rate Adjustment Phase II	Qwest Corp Competitive Private Line Transport Services Catalog
7/2/2013	ICC Rate Adjustment Phase II	Qwest Corp Competitive Exchange and Network Services Tariff No. 3
7/2/2013	Lifeline and Tribal Lifeline Revisions	Qwest Corp Exchange and Network Services Catalog
7/18/2013	Remove References to Price Cap in Catalog	Qwest Corp Private Access Service Tariff No. 4
7/23/2013	New Book Replacing Price Cap Tariff	Qwest Corp Competitive Advanced Communications Services Tariff No. 5
8/2/2013	New Book Replacing Price Cap Tariff	Qwest Corp Competitive Exchange and Network Services Tariff No. 3
8/8/2013	Increase Monthly Rates for Directory Assistance	Qwest Corp Competitive Private Line Transport Services Tariff No. 6
8/9/2013	New Book Replacing Price Cap Tariff	Qwest Corp Competitive Exchange and Network Services Tariff No. 3
10/17/2013	Lifeline Credit Revisions (CALC)	Qwest Corp Competitive Exchange and Network Services Tariff No. 3
12/18/2013	Federal Lifeline Correction	Qwest Corp Competitive Exchange and Network Services Tariff No. 3
3/12/2014	Remove References to Scan Alert	Qwest Corp Competitive Exchange and Network Services Tariff No. 3
7/1/2014	2014 Arizona Rate Changes	Qwest Corp Competitive Exchange and Network Services Tariff No. 3

**FCC Docket No. 10-110 Order 11-47**  
**Section IV.B - Commitments Regarding Wholesale Operations**  
**Arizona Commitment 34 -- Improvement in Service Quality Metrics**

**Summary:** For the third full year following the merger Centurylink met or improved pre-merger performance levels in Arizona, when compared to the pre-merger baseline year of 2010. Specifically, Centurylink improved response time to pre-order queries, confirmed electronically submitted orders more quickly, met more installation appointments on time, reduced troubles on new installations, had fewer trouble reports in proportion to total lines, improved mean time to repair, reduced repeat reports, and improved call center response times.

FCC Merger Commitment Measurement Categories	Description	PID *	Product Category	Comparison Threshold (CY 2010)	Post-merger year
Average response time to pre-order queries (in seconds)	The number of seconds from receipt of CLEC query to return of requested data.	PO-1A PO-1X	All All		Apr-13 - Mar-14
Percentage of electronically submitted resale and UNE orders	Percentage of electronically submitted resale and UNE orders confirmed within specified timeframes	PO-5B	Resale UNE Specials		
Missed appointments / Appointments met	Percent of orders completed in the reporting period on or before the application due date.	OP-3	Resale UNE Loop POTS		
Average provisioning delay days (in days)	Average number of business days service is delayed beyond Applicable Due Date for facility reasons.	OP-6B	Resale UNE Loop POTS		
Provisioning - Percentage of installation troubles reported within 30 days	Percentage of inward line / circuit / trunk service orders that are free of repair trouble reports within 30 calendar days of installation completion.	OP-5A	Resale UNE Loop POTS UNE Specials		
Repair/Maintenance - Network Trouble Report Rate (number per 100 lines or circuits in service)	Percentage of trouble reports to the total installed base of services or elements within a calendar month.	MR-8	Resale UNE Loop POTS		
Repair/Maintenance - Mean Time to Repair (in hours and minutes)	Time from receipt of trouble to time trouble report is cleared divided by total number of trouble reports closed in reporting period.	MR-6	Resale UNE Loop POTS		
Repair/Maintenance - Percentage of Repeat Reports within 30 Days	Percentage of repeated trouble reports received in 30 days of the initial report to the total number of trouble reports received in the period.	MR-7	Resale UNE Loop POTS UNE Specials		
Carrier Service Center - Average Speed of Answer - Ordering	Timeliness of CLEC access to the Company's intercon-nection provisioning centers	OP-2	All		
Carrier Service Center - Average Speed of Answer - Repair	Timeliness of CLEC access to the Company's intercon-nection repair centers.	MR-2	All		

REDACTED

\*\* Blank cells indicate little or no activity

The comparison threshold is the base year performance plus or minus one standard deviation, as set forth in the FCC Order approving the merger.

\* ↑ = Higher is better  
 ↓ = Lower is better

CONFIDENTIAL DATA

**CenturyLink Retail Service Quality - Arizona**  
 Pre and Post-Merger

METRIC DESCRIPTION	2010		2011		2012		2013		2014	
	Year End	July YTD	Year End	July YTD	Year End	July YTD	Year End	July YTD	Year End	July YTD
OOS Cleared Within 24 Hrs Excluding Force Majeure	<b>REDACTED</b>									
Non-Designed Trouble Report Rate										
Non-Designed Installation within 5 Business Days										

**Infrastructure Improvements – Arizona**

Between April 1, 2013 and March 31, 2014, CenturyLink invested [REDACTED] on network modernization (infrastructure capital) in Arizona. The following discussion outlines some of the major improvements to CenturyLink’s Arizona infrastructure.

**Broadband**

In Merger Condition 17, CenturyLink committed to invest no less than \$70 million in its broadband infrastructure in Arizona over a five year period beginning January 1, 2011. As reported to the Commission Staff in a presentation in June, 2014, CenturyLink invested almost [REDACTED] in 2011, 2012 and 2013 (cumulative since the merger). More than [REDACTED] was invested in broadband expansion during 2013 alone. Confidential Attachment M to this report includes the PowerPoint deck that was used as the presentation to Staff.

During 2013, CenturyLink expanded the availability of high-speed internet access services (see Attachment M). CenturyLink expanded internet access service by enabling 40 megabit per second (mbps) download speeds via Fiber to the Neighborhood (Node) to [REDACTED] additional nodes serving [REDACTED] households. CenturyLink extended fiber optic backbone transport improving service availability. The following table reflects the expansion in speed and coverage since 4/1/2013:

AZ	40 Mbps	20 Mbps	12 Mbps	7 Mbps	5 Mbps	3 Mbps	1.5 Mbps
4/1/2013	REDACTED						
4/1/2014							
Change							

**Other Investments**

CenturyLink expanded its Prism™ video service availability to residents in [REDACTED] and other portions of the valley. Prism™ TV is delivered through CenturyLink’s fiber optic network and offers advanced features that may be unavailable from coaxial cable or satellite-based providers. Specifically, CenturyLink enabled Prism™ TV service to [REDACTED] additional households across the Phoenix metropolitan area between 3/1/13 and 4/30/14.

Video services and high speed data services have very stringent transmission requirements. Consequently, CenturyLink continued to conduct extensive loop testing and rehabilitation. The expansive grooming project executed by CenturyLink’s engineering and construction forces further benefitted service delivery across all customer segments.

Throughout 2013 and early 2014 the Phoenix area network began an upgrade to [REDACTED] per second speeds. CenturyLink invested [REDACTED] dollars to place [REDACTED] new routers and the necessary transport. With the growing counts of data customers and Prism™ subscribers, this build enables less than [REDACTED] congestion. In 2014 CenturyLink will finish adding the [REDACTED] layer to the core network as customer download demand is [REDACTED] year over year.

In the third year following the merger, CenturyLink further improved service to wireless carriers (and their wireless customers) in Arizona by constructing more fiber optic transport (wireless backhaul) facilities linking new and existing wireless towers to the wireline network throughout the state. This deployment of fiber optic transport allows for the higher bandwidth necessary to support the mushrooming data requirements of smartphone users. This construction also allows CenturyLink the opportunity to provide new and improved throughput for previously under-served wireline customers seeking higher-speed internet access along the same routes.

**May 2014**



**CenturyLink™**

**Arizona Broadband Service Expansion  
per the Merger Approval Order**



## Goals and Results

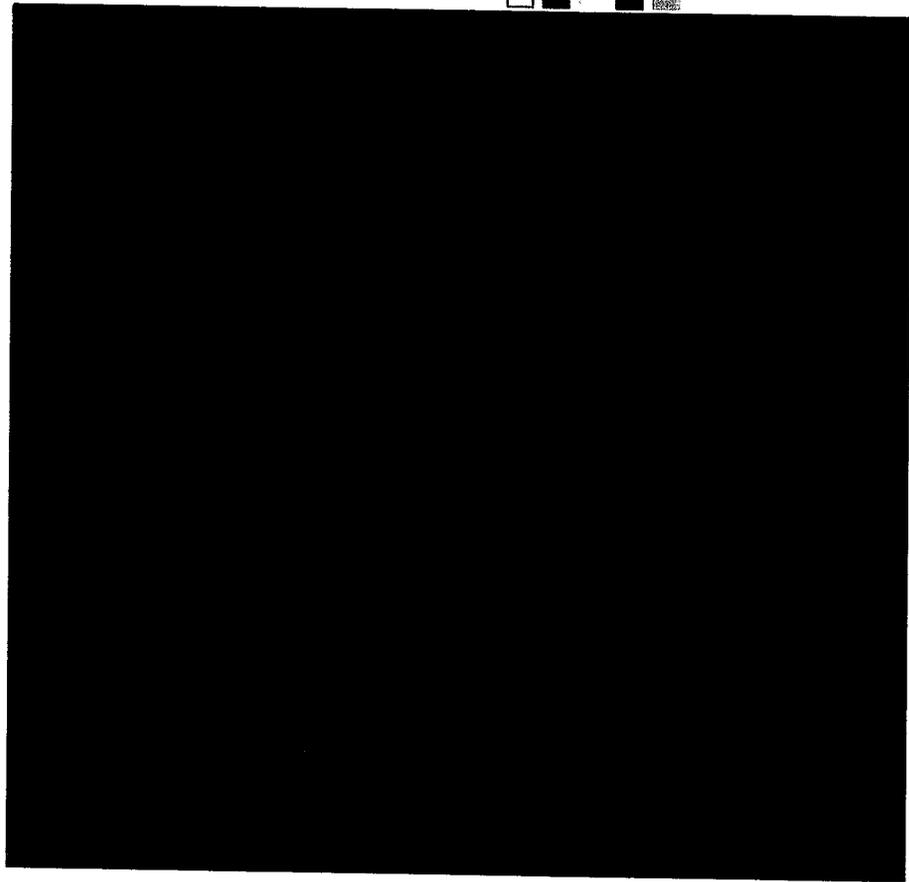
Qwest Corporation, or any successor entity, shall invest \$70 million in broadband infrastructure in Arizona over a five-year period beginning January 1, 2011. For a period of three years, the Merged Company will meet with Commission staff and RUCO annually, on a confidential basis, within 60 days of the anniversary date of the merger, to review 1) broadband deployment plans in the state including deployment in the previous year and deployment plans for the upcoming year; 2) compliance with the Broadband commitment in condition 17 including the status of wireline broadband service in unserved and underserved areas; and 3) the status of the offering of Pure Broadband and extended DSL service in the Arizona Qwest ILEC service area.

**Since the Merger, CenturyLink invested almost \$ million on broadband service expansion in Arizona.**

**CenturyLink has more than satisfied its merger-related broadband expansion objective.**



# Arizona Broadband Service Availability – 12/31/12



█ % LU served  
█ % LU ≤ 1.5 Mbps  
█ % LU > 1.5 – 6.0 Mbps  
█ % LU ≥ 6.0 Mbps

█ CenturyLink Wire Center  
█ ≤ 1.5 Mbps  
█ 1.5 to 6 Mbps  
█ ≥ 6 Mbps  
█ Unserved

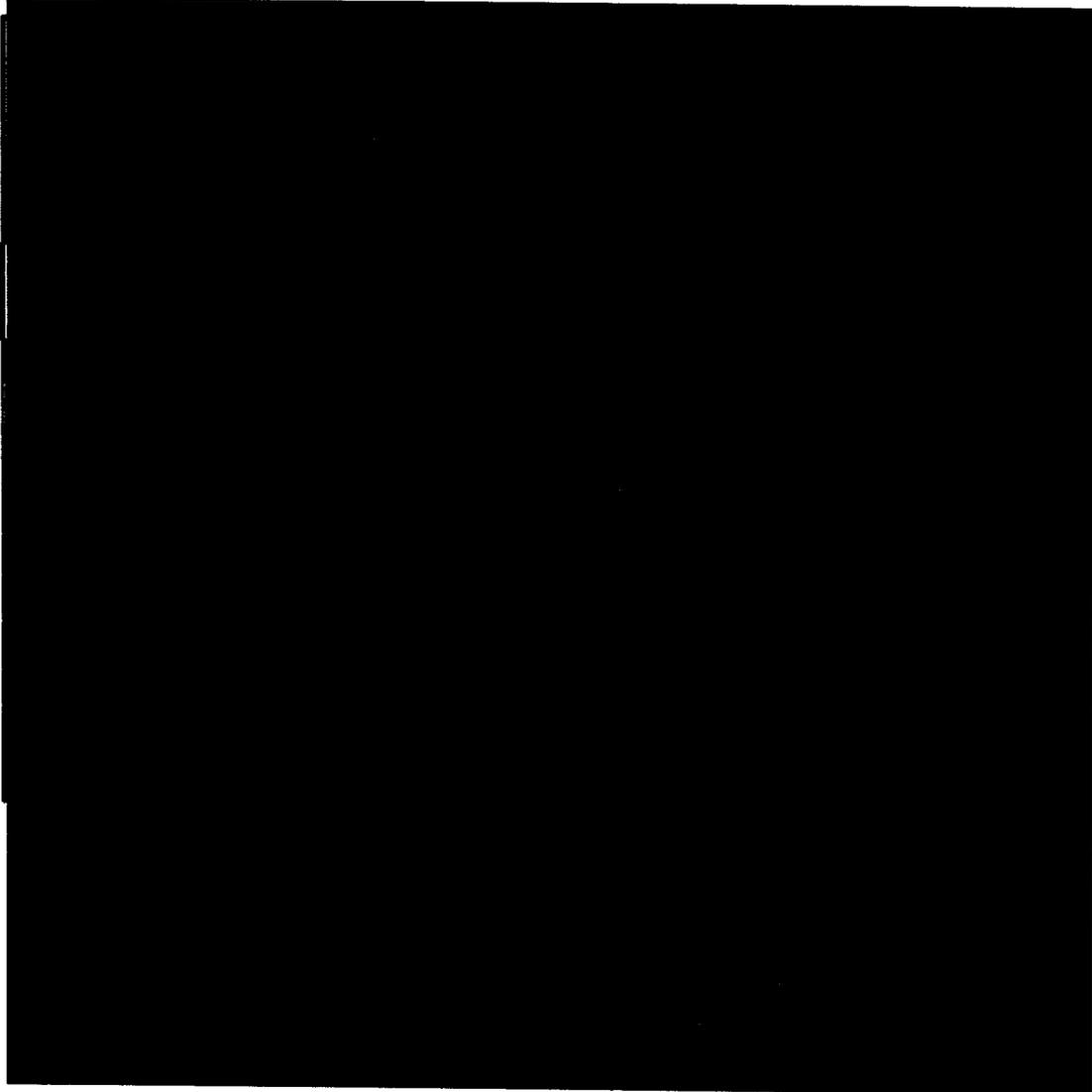
█ % of potential customers could purchase service at 20Mbps and higher



CenturyLink™

CenturyLink Proprietary Information

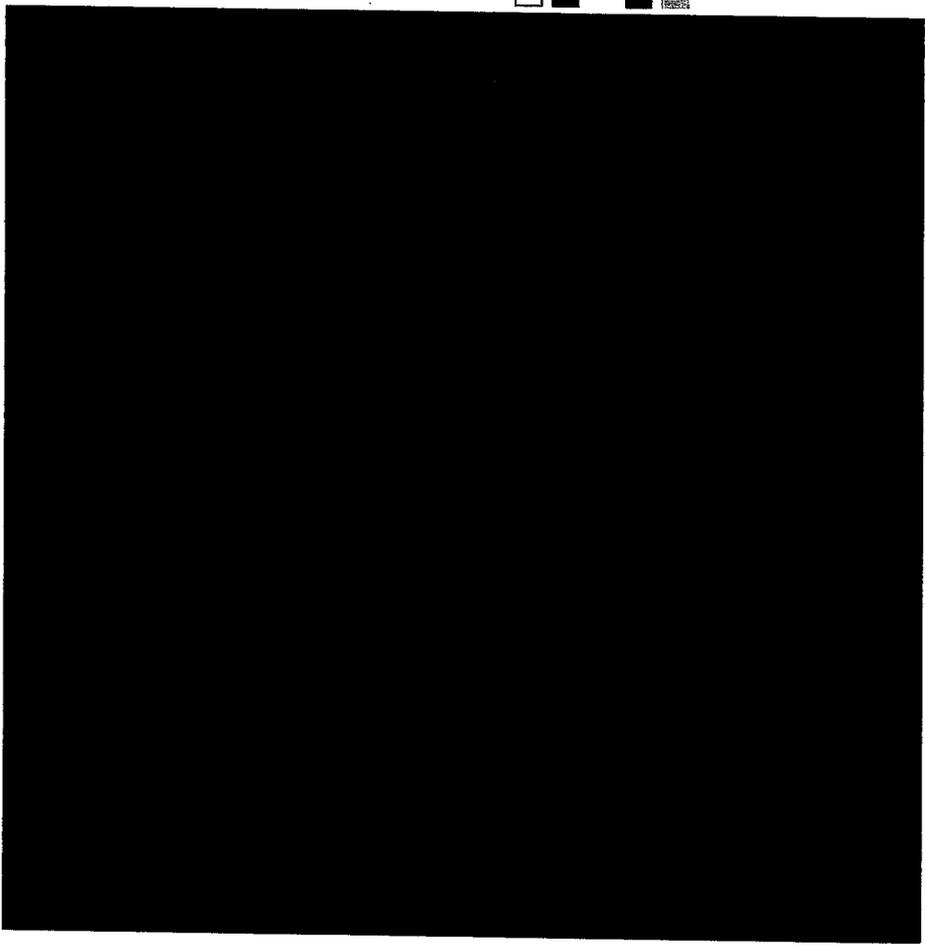
# Arizona Broadband Service and Speed Expansion – 2013



CenturyLink Wire Center  
Speed Upgrade  
Broadband Expansion  
Upgrade and Expansion



# Arizona Broadband Service Availability – 12/31/13



█ % LU served  
█ % LU <= 1.5 Mbps  
█ % LU >1.5 – 6.0 Mbps  
█ % LU >= 6.0 Mbps

█ CenturyLink Wire Center  
█ <= 1.5 Mbps  
█ 1.5 to 6 Mbps  
█ >= 6 Mbps  
█ Unserved

█ % of potential customers could purchase service at 20Mbps and higher



CenturyLink™

CenturyLink Proprietary Information

# 2013 Broadband Deployment Scorecard

Broadband Service was available to [redacted] % of CenturyLink's Arizona living units as of 12/31/2013

- $\leq 1.5$  Mbps availability ("underserved") was reduced from [redacted] %
- $> 1.5$  Mbps and  $< 6.0$  Mbps availability was slightly reduced from [redacted] %
- $> =6.0$  Mbps or greater availability increased from [redacted] %

First-time availability was expanded to reach approximately [redacted] Arizona households during 2013.

[redacted] Arizona wire centers experienced broadband speed upgrades.

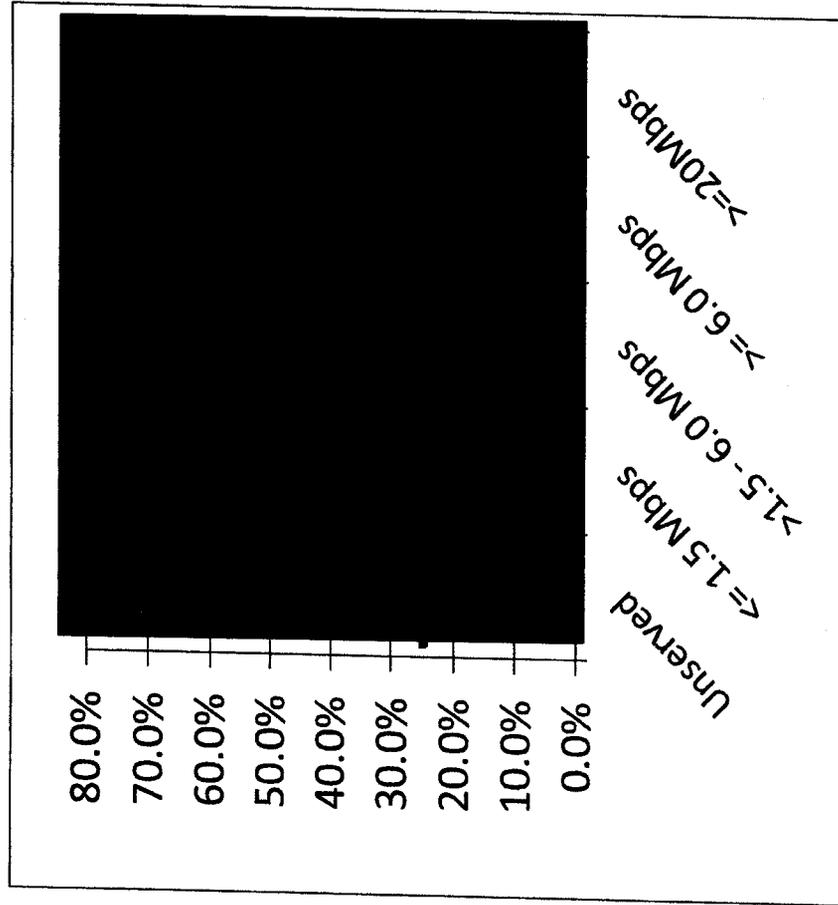
Since the merger, CenturyLink invested \$ [redacted] on broadband service expansion in the state.



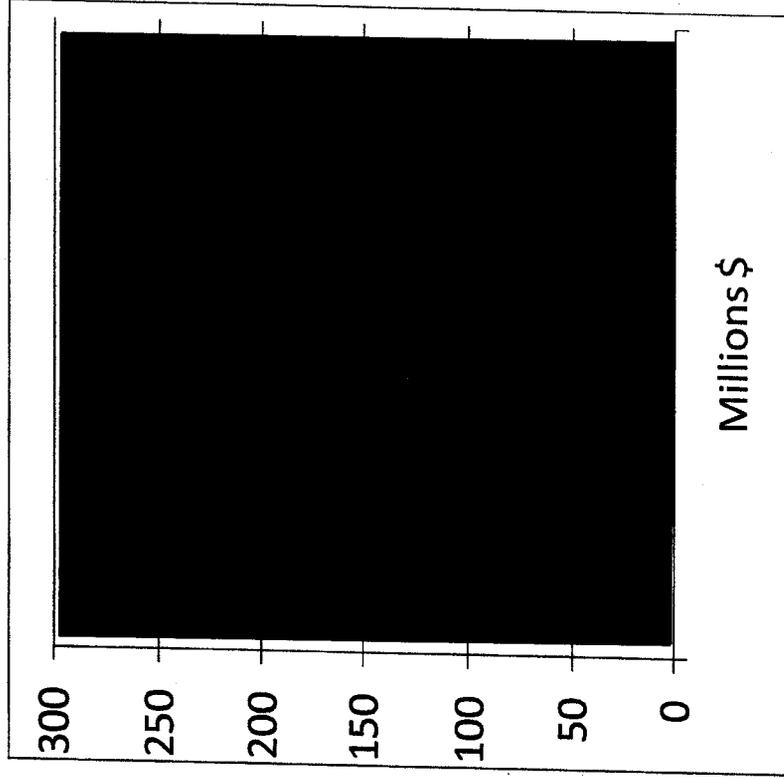
# Availability and Investment

## Arizona

**% Availability trends**

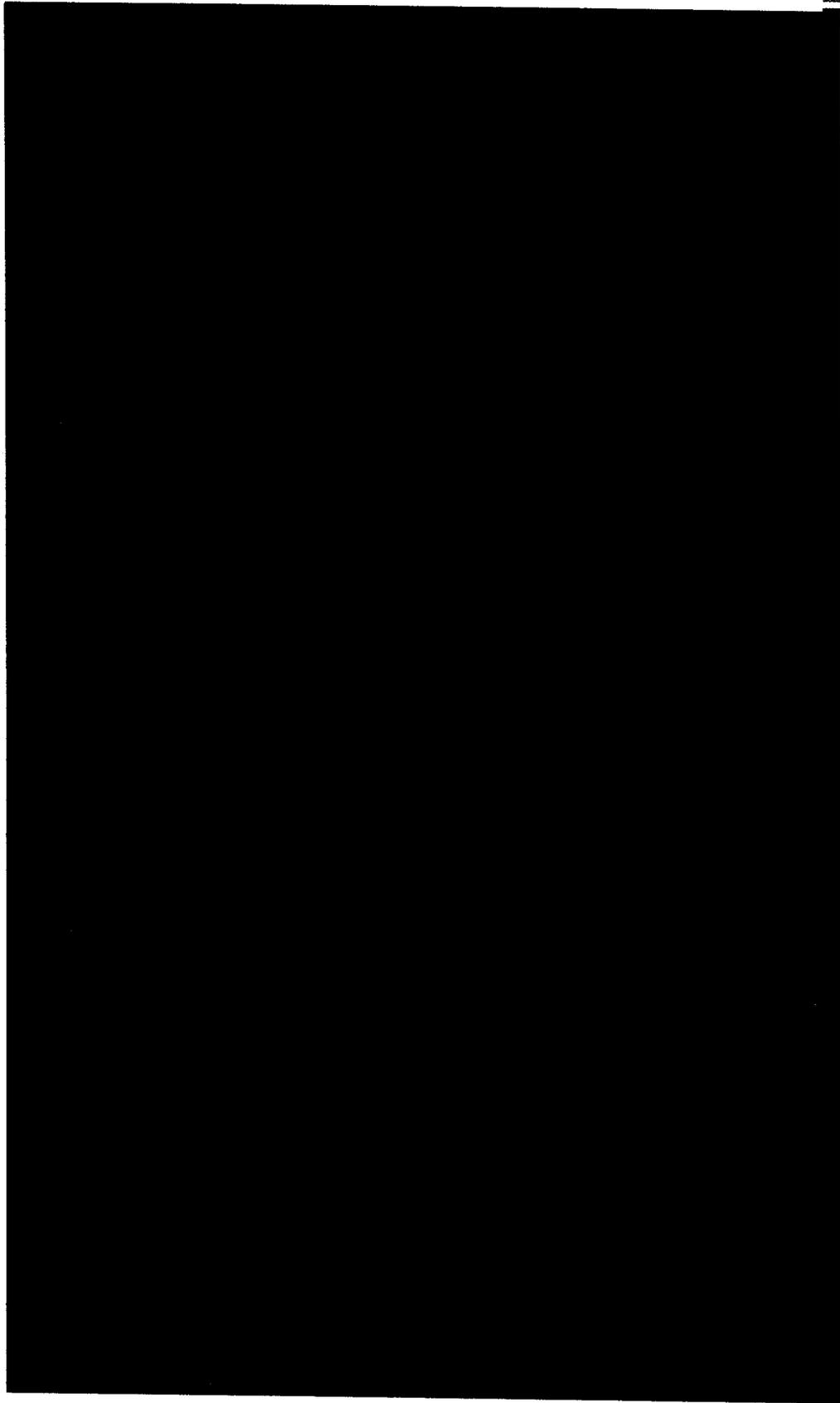


**Broadband Investment**



CenturyLink™

# Arizona Wire Centers with Speed Upgrades



## Forecast

- 2014 broadband technology investment is anticipated to be similar to levels invested in 2013.
- Federal CAF-driven investment is important, but uncertain.
- To remain competitive, wider availability of higher speed services is the focus.
- IPTV expansion continues.

