



CenturyLink™

RON L. TRULLINGER

May 29, 2012

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

RE: UM-1484 CenturyLink/Qwest Merger, Condition 12 Compliance Filing –
Integration Status Report

Dear Commission:

Pursuant to docket UM 1484, Order No. 11-095 ("Order"), CenturyLink provides the enclosed Integration Status Report in compliance with Condition 12 which requires a report of: 1) substantive integration activities; 2) costs and projected savings of integration; 3) organizational and staff force changes in Oregon operations; and 4) impacts on Oregon operations and customers. This report provides information for the period from April 1, 2011 through March 31, 2012. The report includes attachments which contain confidential information.

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

Ron Trullinger
State Regulatory Affairs Director

Enclosures
cc: Certificate of Service

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**CenturyLink/Qwest Merger
Oregon Integration Status Report
May 29, 2012**

Introduction

CenturyLink is pleased to provide the Public Utility Commission of Oregon (“Commission”) with this annual update regarding the progress of the integration of Qwest Corporation (“Qwest”) and CenturyLink. This report is provided pursuant to requirements of condition 12 included in Appendix A of the Commission’s Order No. 11-095 in docket UM-1484 approving the merger of Qwest and CenturyLink. As the Commission is aware, the merger transaction closed on April 1, 2011. Efforts towards the integration of the companies have continued since that date, as outlined below. Specifically, this report addresses:

- Substantive Integration Activities from the merger close through March 31, 2012
- Costs and Projected Savings of Integration Activities
- Organizational and Staff Force Changes in Oregon Operations
- Impacts on Oregon Operations and Customers

Substantive Integration Activities

Integration of Qwest operations into the CenturyLink regional operating model

At the close of the CenturyLink/Qwest merger, CenturyLink integrated the legacy Qwest operations into its regional operating model across its 37 state operations, including Oregon. The model establishes a regional operations organization (part of the company-wide business unit referred to as Regional Markets Group or “RMG”) that includes Vice President/General Managers who report to one of six Regional Presidents. These individuals are responsible for evaluating and responding to the needs of customers at the local market level and assessing the evolving suitability of network infrastructure. They also have accountability for the company’s operational and financial performance within their respective market areas. The Vice President/General Managers have responsibility for all aspects of operations including capital budget planning and implementation, customer support, management of service delivery and quality, and sales initiatives.

The Northwest Regional headquarters is located in Seattle, Washington. This region is under the leadership of Mr. Brian Stading, Region President. The Vice President/General Managers with responsibility for Oregon operations that report to Mr. Stading are: Mr. Chris Denzin with responsibility for the Portland, Salem, Hood River and coastal areas of the state, Ms. Susan Reed with responsibility for the Southern and Central Oregon areas, Mr. Tom Novotney with responsibility for Eastern Oregon and Mr. Jim Schmit with responsibility for the Malheur County area. Reporting to these Vice President/General Managers are several Market Development Managers, Area Sales Managers, a Director of Network Service Operations and a Marketing Account Manager.

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At the close of the merger, CenturyLink also implemented a regional regulatory and legislative organization. Oregon is within the Northwest Regulatory Region. Mr. Ron Trullinger, located in Portland, Ms. Barbara Young, located in Hood River, and Ms. Karen Stewart, located in Portland, lead CenturyLink's regulatory, state legislative and local governmental affairs functions for Oregon.

Branding

The CenturyLink brand was selected for the new company, and plans were developed and completed during the reporting period for the Qwest entities to begin doing business as CenturyLink. The name change was effective on August 8, 2011 in all legacy Qwest markets, including Oregon. Legacy Qwest customers in Oregon received notification of the name change in their June 2011 bills. In addition, communities served by legacy Qwest were notified of the name change and were provided with updated contact information for CenturyLink.

Prior to the brand launch on August 8, 2011 a transitional logo with the tagline "Qwest is becoming CenturyLink" was used where appropriate on marketing materials in legacy Qwest markets, including Oregon. Beginning August 8, 2011 a revised tagline of "Qwest is now CenturyLink" was implemented. This tagline was used on selected materials through first quarter 2012 to build brand awareness. Other significant branding activities include:

- Exterior building signage was converted the week before brand launch in all major locations including larger work centers, high visibility locations and retail stores. Remaining locations were converted as soon as possible following brand launch.
- Invoice envelopes carried the transitional logo beginning August 8, 2011 and bill stock reflected the standalone CenturyLink name and logo at that time.
- Select in-venue brand messaging, including LEDs, video boards and selected signage, began converting to the CenturyLink name in April 2011. Major corporate sponsorship venues in Qwest markets were externally re-branded in the August 2011 timeframe, including new signage and promotions at Qwest Field in Seattle, the Qwest Arena in Boise and Qwest Center in Omaha.
- Transitional branding was added to the MyQwest.com portal used by high-speed Internet customers on May 30, 2011. Effective August 8, 2011, MyQwest.com was branded with the same look and feel as CenturyLink.com for a common customer experience.
- The Qwest.com site reflected the CenturyLink brand effective August 8, 2011.
- Vehicle rebranding for approximately 9,000 Qwest vehicles was completed during the second half of 2011.
- Qwest technicians received new uniforms in August 2011 reflecting the CenturyLink brand.
- Brand announcement advertising ran from May 30, 2011 through August 7, 2011 and brand awareness advertising ran from August 8 to October 30, 2011.

Systems

CenturyLink's Integration Management Office is leading the analysis phase of Systems Integration for the Qwest merger. CenturyLink's system review process is detailed and deliberate and is further described in Confidential Attachment 1 to this report.

Following is an update of specific system integration decisions and activities that have taken place during this reporting period.

Financial and Human Resource Systems

CenturyLink selected its SAP application solution platform to replace Qwest's financial accounting and human resource systems platforms. CenturyLink's SAP system is an integrated application software that links business information and processes across work streams. SAP is used by CenturyLink for Finance, Human Resources, Payroll, Materials Management, Project Systems and Business Intelligence Reporting.

While this system conversion has no direct impact on customer affecting OSS systems, it does involve engineering systems and outside plant record systems. Specifically, the conversion to SAP includes engineering project systems used to plan, create, execute and track inside and outside plant for capital construction investments. Further, the conversion to SAP includes the materials management functions of material supplier sourcing, order placement through requisition and purchase order, payment settlement and reconciliation for the purpose of supplying materials for projects.

CenturyLink conducted comprehensive training for impacted employees which allowed for a smooth conversion to the new systems on January 1, 2012.

End User Customer Billing

CenturyLink has selected Ensemble, the legacy CenturyLink billing and customer care system, to replace the Customer Records and Information System ("CRIS") currently used by legacy Qwest, for billing and ancillary functions. The company anticipates a two- to three-year conversion process that is anticipated to begin in late 2013. Ensemble will serve as the billing platform for all legacy Qwest consumer and small business customers, as well as the legacy Qwest business and wholesale customers that are currently billed out of CRIS. This conversion process will not include legacy Qwest customer care OSS systems.

The conversion to Ensemble as a single billing platform will provide many benefits. Specifically, Ensemble enables all services to be billed on a single bill. A single billing platform will also allow for faster introduction of new products and services to Oregon consumers. Ensemble also provides a

more flexible billing platform to meet the demands of a changing market. The Ensemble system is newer than the CRIS system and is already integrated with legacy CenturyLink back-office systems and will be configured to interface with existing legacy Qwest OSS, or back-office, systems. When these interface configurations and conversions are completed, a new service order entered in Ensemble will trigger related customer care functions such as inventory management, provisioning and customer communications through legacy Qwest OSS systems.

While the final conversion schedule has not been established, initial customer conversions are not anticipated until late 2013. The primary focus in 2012 will be on finalizing requirements, data mapping and software development to interface the Ensemble system with the legacy Qwest OSS systems. Work efforts during this reporting period included:

- CenturyLink business units have begun the detailed identification and analysis of any policy, process and functionality differences that may exist between the legacy Qwest CRIS and the legacy CenturyLink Ensemble billing systems.
- Ongoing meetings are taking place to review the ordering, provisioning and billing processes utilized by the CRIS platform in order to thoroughly prepare for the conversion from CRIS and other ancillary legacy Qwest customer care systems, to Ensemble.
- Business units are working with the information technologies department that supports the systems to ensure all requirements are appropriately captured.
- The Data mapping and source data repository identification has also begun. Data mapping and testing are a key component of the conversion process.
- Teams are working to develop timelines and project plans that comply with the timelines and requirements agreed upon in the merger commitments.

Network Planning and Engineering Systems

CenturyLink has made final system selections regarding two applications that support network planning and engineering processes. The legacy Qwest JDS system which provides a common document management solution to create, maintain and archive work order documentation for capital and expense projects has been selected over other existing legacy Qwest and legacy CenturyLink systems that currently provide similar functions. The selection of JDS will allow the consolidation of multiple current systems and streamlined document management. CenturyLink has also selected the legacy Qwest FiberBase system, rather than the legacy CenturyLink system, as the future fiber management tool. The selection of FiberBase will serve to minimize business impacts and training costs due to the larger level of legacy Qwest information that currently resides in the system. While both systems selections have been made, a deliverable timeline has not yet been established.

Cost and Projected Savings of Integration Activities

Please see Confidential Attachment 2 for a schedule of the estimated synergies and integration costs realized by CenturyLink during the period April 1, 2011 through March 30, 2012 as a result of the integration activities associated with the CenturyLink/Qwest merger. Amounts provided reflect the impacts for CenturyLink at a total company level and for its Oregon operations. CenturyLink is also providing an estimate of the synergy savings for each key functional area. Please note that synergies and integration costs are not separately tracked for each integration activity or project.

Organizational and Staff Force Changes in Oregon Operations:

See discussion above for a description of the organizational changes completed at merger close to integrate the Qwest operations into CenturyLink's regional operating model. Confidential Attachment 3 provides the change in total employees in Oregon during the reporting period.

Effective April 1, 2012, in order to better support integrated solutions for business and government customers, CenturyLink revised its organizational structure. The change involved the consolidation of CenturyLink's organizations focused on its business and government customer segments into two organizations. Effective with the change, national and international business customers of the former Business Markets Group, all Savvis¹ customers and federal government customers are being served by a newly formed group called the Enterprise Markets Group (EMG). In-region large business customers and state and local government customers are being served by the existing Regional Markets Group (RMG) – see above discussion of the company's regional operating model organization.

RMG will service the entire range of business customers from small businesses to regional enterprise customers that operate predominantly in the company's local operating regions, as well as local and state government agencies in those local service areas. EMG will serve all national and international enterprise customers and federal government agencies.

Impacts on Oregon Operations and Customers

The integration activities identified above have been seamless to Oregon customers. The regional operating model that was implemented at merger close establishes localized decision-making and focus driven by the new organizational structure. The localized focus has allowed the company to better understand and meet the distinct needs of Oregon customers.

¹ On July 15, 2011 CenturyLink acquired Savvis, Inc., a global leader in cloud infrastructure and hosted IT solutions. This acquisition allows CenturyLink to achieve global scale as a managed hosting and cloud services provider and accelerates its ability to deliver those capabilities to its business customers.

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The Oregon operations team dedicated significant efforts during the reporting period to prioritizing and promoting CenturyLink's participation in local community events, sponsorships, local chamber memberships and involvement with local governments across the state.

In addition, as a condition of the FCC's approval of the CenturyLink/Qwest merger, CenturyLink has introduced its Internet Basics service – a broadband service for low income customers that provides broadband service at \$9.95 per month. The service has been well received by customers, community leaders and other organizations such as the Citizen's Utilities Board.

**CERTIFICATE OF SERVICE
UM 1484**

I hereby certify that on the 29th day of May, 2012, I served the foregoing CENTURYLINK'S COMPLIANCE WITH CONDITION NO. 12 OF ORDER NO. 11-095, in the above entitled docket on the following persons via e-mail, and via U.S. Mail by mailing a correct copy to them in a sealed envelope, with postage prepaid, addressed to them at their regular office address shown below, and deposited in the U.S. Post Office at Portland, Oregon.

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(w) denotes waiver of paper service

* denotes signed Protective Order No. 10-192

** denotes signed Protective Order Nos. 10-192 and 10-291