

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: July 28, 2020

REGULAR CONSENT EFFECTIVE DATE Upon Approval

DATE: June 24, 2020

TO: Public Utility Commission

FROM: Stephen Hayes

THROUGH: Bryan Conway and Michael Dougherty **SIGNED**

SUBJECT: QWEST CORPORATION:
(Docket No. UM 1484)
CENTURYLINK, INC. Application for Approval of Merger between
CenturyTel, Inc. and Qwest Communications International, Inc. –
Compliance with Order No. 11-095 and Order No. 11-101 regarding
Condition 27, replace or integrate Qwest Operational Support System.

STAFF RECOMMENDATION:

Staff recommends that the Commission find the Qwest Corporation dba CenturyLink QC (CenturyLink) conversion of Qwest's Local Service Operations Support Systems (OSS) per the company's Consolidation Plan, initially filed March 5, 2020, will not result in deterioration in the company's OSS and performance levels.

DISCUSSION:

Issue

Whether CenturyLink's proposed conversions of the Qwest Access Service ordering and billing systems will not result in deterioration in OSS and performance levels, so that CenturyLink is permitted to proceed with the planned conversions.

Applicable Law and Orders

In Order No. 11-095, the Commission approved the merger of CenturyTel and Qwest. Condition number 27, adopted in this order, imposes requirements relating to post-merger replacement or retirement of a Qwest OSS. Condition No. 27.c.iv., as contained

in Errata Order No. 11-101, which updated Order No. 11-095, requires Commission approval before certain changes are made, stating:

Notwithstanding the conditions set forth in subparagraph i., CenturyLink shall provide the Commission with 90 days-notice of its intention to cease making the Qwest OSS system available to wholesale customers. The cutover shall not occur until the Commission has conducted an expedited investigative review and concluded that the post-merger OSS and performance levels will not deteriorate.

Other portions of Condition 27, paragraph c impose additional requirements for coordinating wholesale carrier customer testing and acceptance of changes to Qwest OSS systems.

Analysis

On March 5, 2020, CenturyLink filed its initial Consolidation Plan that specified the steps the company would take to transition Qwest to its end state OSS system. The first phase of the OSS conversion was previously reviewed by the Commission in 2016 according to the criteria in the Merger Agreement. That phase primarily involved access service ordering and billing. The Commission approved the 2016 request in Order No. 16-339 in Docket No. UM 1737.

The instant filing is the second phase of the conversion. This phase involves the ordering, billing and other business activities for local service requests. This is the same system that CenturyLink will use for its own facilitation of local service, to which wholesale customers interface in order to facilitate their customer's local service. Those services include initiation, repair, billing, and number porting. As such, the second phase directly affects services to the end user customers of CenturyLink and those of competitive providers utilizing resold services.

As part of a required regime facilitating wholesale service coordination and cooperation between ILECs and competitive providers CenturyLink provides a formal review and comment process known as the change management process (CMP). CenturyLink states in its filing that, on January 23, 2020, it sent the plan at issue here to representatives of 294 wholesale local services customers, and on January 22, 2020, presented the plan during a conference call attended by 43 representatives of 14 companies. Attachment A shows the current comments provided by competitive providers and the responses from CenturyLink. While some of the comments by Allstream indicate concerns, even indicating that the current OSS system is superior to its successor, Staff does not believe that the concerns indicate that this conversion will not meet the requirements of Condition 27. The CMP is the forum for working through

specific issues and there is nothing to indicate that those issues will be unresolved. Further, competitive providers may appeal the recommended decision should irreconcilable differences remain at the end of the CMP process.

To date, no party has intervened in this docket in connection with this application. CenturyLink represented to Staff that in states where it has sought analogous approval as it seeks here, competitive providers have not opposed its request. Staff notes that CenturyLink has an interest in the successful conversion, as it will affect its own rendering of service to its customers. As a result of these factors, Staff does not expect formal intervention in this docket connection with this application.

In order to fully meet the relevant merger condition CenturyLink will need to submit a ninety-day notice in this docket. The timing of that notice will depend on whether the planned schedule is adjusted, with an early July notice being the earliest that might be required.

Staff notes that the costs of facilitating competitive provider system interfaces could have an effect on whether some competitive providers continue to offer resold services. When considered alongside the Federal Communication Commission's forbearance of the requirement to provide most resale and unbundled network services after February 2, 2022, that cost and the diminished life cycle of resold service could affect the extent of alternative services to CenturyLink's service offerings. This does not have bearing on the issue before the Commission here but may be important in the matter of Carrier of Last Resort relief. That is a Legislative directed consideration conducted by an informal public process, not subject to ex parte considerations. At least one competitive provider has indicated this for part of the reason it will exit the Oregon wholesale services market.

Conclusion

Staff believes that post-merger OSS and performance levels will not deteriorate and concludes that the Commission should approve this application so long as adequate ninety-day notice is filed.

PROPOSED COMMISSION MOTION:

Approve CenturyLink's conversion of Qwest's Local Service Request OSS per the company's Consolidation Plan filed on March 5, 2020, as it will not result in deterioration in the company's OSS and performance levels, on the condition that CenturyLink timely files the related ninety-day notice.