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Douglas R. Holbrook

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January 25, 2011

Public Utility Commission for Oregon Attn: Filing Center PO Box 2148 Salem OR 97308-2148

RE:

UM 1484 CenturyLink/Qwest

Intervenors' City of Lincoln City, Lincoln County, Tillamook County & Parker

Telecommunications ("Coastal Intervenors")

Dear Filing Center:

I enclose the original and five copies of the Coastal Intervenor's brief submitted post-hearing.

Thank you for your attention. If you have any questions or concerns, please feel free to contact me.

Sincerely,

Douglas R. Holbrook

cc: Service List

[100831 ltr to PUC.wpd]

# BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UM 1484

In the Matter of	)	COASTAL INTERVENORS
CENTURYLINK, INC.	)	CLOSING BRIEF
Application for merger between CenturyTel, Inc. and Qwest Communications International, Inc.	)	

## INTRODUCTION

The Coastal Intervenors, consisting of Lincoln City, Parker Telecommunications, Lincoln County and Tillamook County jointly submit this closing argument memorandum and incorporate herein their Objection to Stipulation, filed December 14, 2010, and the condition language therein.

The PUC staff and applicant agreed to a condition to this merger which specifically directs management and assets toward the phone network allegedly to improve the reliability experienced by the Lincoln City area subscribers. The condition is/states:

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 hand the expected demand.

There is little testimony in the record purporting to support Condition 26 as it is currently written. There is <u>no</u> evidence submitted by the applicants or PUC Staff which establishes that the condition will address the actual network problem. The condition also ignores the wider area of north Lincoln County and Tillamook County. Therefore the

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condition should be revised to adequately address the need for a diverse fiber route to establish network voice/data reliability in these Intervenors' geographic regions.

## **ARGUMENT**

#### Joint and Staff Testimony Does Not Support the Condition as Written. Α.

The joint testimony submitted in support of the settlement between staff and the applicants (Testimony In Support of Stipulation, Pages 12-13) contained only general statements about Condition 26, as follows:

### WHAT SAFETY-RELATED CONDITIONS DID Q. **CENTURYLINK AGREE TO?**

A. .... Finally, CenturyLink has agreed to 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. This commitment will address 911 network concerns raised by Staff, CUB and other Intervenors.

This testimony fails to explain any factual basis linking the condition to the actual network problems detailed in Parker 100-400.

The original PUC testimony in support of the condition, Staff 100, stated at Dougherty/30-31:

> Staff recommended ordering condition 28 requires CenturyLink to construct a physical communication link between the cities of Lincoln City and Newport, Oregon, which would allow network redundancy. Commission Safety Staff believes that this link is necessary as a result of system outages, community isolation, and lack of network redundancy. Additionally, Staff has received a letter in support of such condition from the Oregon Military Department, Oregon Emergency Management (OEM). 35 In UM 1484 CUB/100, Feighner/3, Mr. Feighner also supports construction of a physical connection between Lincoln City and Newport, Oregon, or some other form of network redundancy.

Michael Dougherty was cross examined by Coastal Intervenors on the first day of the hearing. After establishing that Mr. Dougherty was not an expert witness in

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telecommunication systems (and thus could not rely upon heresay), he was asked about his understanding of the network outages in Lincoln and Tillamook Counties. He admitted that he did not know the history nor the nature of the system outages on the coast, other than to say it had something to do with 9-1-1 service problems. (Transcript of Proceedings, Pages 223-227.) By admitting he knows nothing about the specifics of the network or the outages, Mr. Dougherty has admitted that he can not know if Condition 26 would fix the system outages in or around Lincoln City. Any other information in his testimony is heresay.

Neither staff nor applicants offered any other relevant testimony in support of Condition 26 as written, though they had the opportunity to do so. Therefore the only description of the basis for the condition and its modification is through Parker 100-400.

#### B. Joint Intervenors Testimony Establishes Basis to Modify Condition 26.

It should be obvious that making a connection from Lincoln City that stops in Newport does not create a redundant path to Sheridan. As explained in the testimony submitted by Parker Telecommunications, there are numerous switches in the Lincoln City area alone, nearly all of which require communication with Sheridan's central office to function at all. Parker 100/8. Thus, when the connection to Sheridan fails, those remote switches just don't work and neither do citizens' phones nor 9-1-1. Parker100/8. This is the case in all of Tillamook County as well. A condition making just a physical link to Newport does nothing to connect those critical remote switches to Sheridan for local, extended area calling nor for data service. Parker 100/8-10. Therefore the condition is inadequate as written.

The network problem is described in David Hawker's unrebutted testimony at Parker 300. It is also described by Lt. Jerry Palmer's unrebutted testimony at Parker 200. The description is clear from this testimony: when the single strand of fiber is severed between

Adopted by the Coastal Intervenors.

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Lincoln City and the central switch in Sheridan, the phone network in north Lincoln County barely functions if at all, and 9-1-1 service is therefore barely functional, if at all, during the outage. In Tillamook County all of the phone network fails as well. See unrebutted testimony of Deputy Gordon McGraw, Parker 400. This is an issue of safety and economic viability for the region.

The solution to the network reliability is set forth in Dr. Parker's unrebutted expert testimony at Parker 100: a diverse fiber pathway to Sheridan forming a self-healing fiber ring. This is the solution for all of the Intervenors geographic regions.

The PUC Staff may have intended for network redundancy, but the condition fails to require it because it requires no redundant connection to Sheridan.<sup>2</sup> The applicants have already agreed to spend money on the phone network in Condition 26, and the stipulation allows them to count those expenditures against \$45 million in broadband improvement costs (see Condition 13). The diverse, redundant fiber will greatly enhance applicant's broadband capability and service. Applicants will control all the necessary fiber pathways to meet a revised condition. Parker 100/5.

In sum, there is no testimony supporting Condition 26 as a solution to the problem at hand. The Coastal Intervenor's testimony establishes the condition requires modification because as written it has nothing to do with making the fiber connection diverse, hardened or redundant between the north Lincoln and Tillamook Counties remote switches and Sheridan's central office.

### C. The Commission Should Include Parker Telecommunications Condition Regarding Intrastate Internet Traffic.

The conditions in the stipulation failed to address Parker Telecommunications second suggested merger condition, requiring applicants to, whenever possible, enter into agreements

The condition does not require a new central-switch be installed in Newport, to back-up the one in Sheridan, or that the fiber continue to Sheridan.

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to route intrastate Internet traffic only in Oregon, increasing the reliability and speed of that traffic. See Parker 100/5-6, and Exhibits 101-104. This would greatly enhance applicant's broadband service quality and competitiveness, and should be part of the Stipulated Condition 13.

## CONCLUSION

There is no credible testimony supporting the current version of Condition 26, and it should be revised to adequately address the network reliability problems in the Coastal Intervenors' geographic areas. Parker Telecommunications second merger condition should be adopted as part of Condition 13.

Dated this 25<sup>th</sup> day of January, 2011.

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to route intrastate Internet traffic only in Oregon, increasing the reliability and speed of that traffic. See Parker 100/5-6, and Exhibits 101-104. This would greatly enhance applicant's broadband service quality and competitiveness, and should be part of the Stipulated Condition 13.

## CONCLUSION

There is no credible testimony supporting the current version of Condition 26, and it should be revised to adequately address the network reliability problems in the Coastal Intervenors' geographic areas. Parker Telecommunications second merger condition should be adopted as part of Condition 13.

Dated this 25th day of January, 2011.

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Page 5 - Coastal Intervenors' Closing Brief

# CERTIFICATE OF SERVICE UM 1484

I hereby certify that I served a true and correct copy of the foregoing document in Docket UM 1484 on the following named person(s) on the date indicated below by email and U.S. Mail addressed to said person(s) at his or her last known address(es) indicated below.

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DATED this 25<sup>th</sup> day of January, 2011.

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