

**STATE OF MINNESOTA
BEFORE THE PUBLIC UTILITIES COMMISSION**

Beverly Jones Heydinger	Chair
David Boyd	Commissioner
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
Betsy Wergin	Commissioner

**In the Matter of the Petition of
CenturyLink, Inc., on behalf of its
Affiliated Companies, for Waiver of
Minnesota Rule Part 7810.5800**

Docket No. P-421/AM-14-255

AFFIDAVIT OF PATRICK HAGGERTY

STATE OF NEBRASKA)
) ss.
COUNTY OF DOUGLAS)

Patrick Haggerty, being duly sworn on oath, states as follows:

1. I am employed by CenturyLink with the title of Vice President of Government Affairs. My responsibilities include managing regulatory and legislative affairs in Minnesota, South Dakota, North Dakota and Nebraska. In my 19 years with the Company, I have held several diverse leadership positions including network, sales and policy organizations. My experience in the network organization includes allocating technician resources to meet demand for installation and maintenance of the network.

2. I make this affidavit based on my own knowledge as well as based on information I have gathered from CenturyLink employees responsible for network operations as well as employees responsible for tracking company performance relative to regulated service quality requirements.

3. CenturyLink has requested a variance to the requirement of Rule 7810.5800 and associated Alternative Form of Regulation service metrics that eliminates the rule entirely. While I strongly support this measure, I also believe that much of the harm discussed in my affidavit would be alleviated if the Commission modified the standard from 95% to 85%.

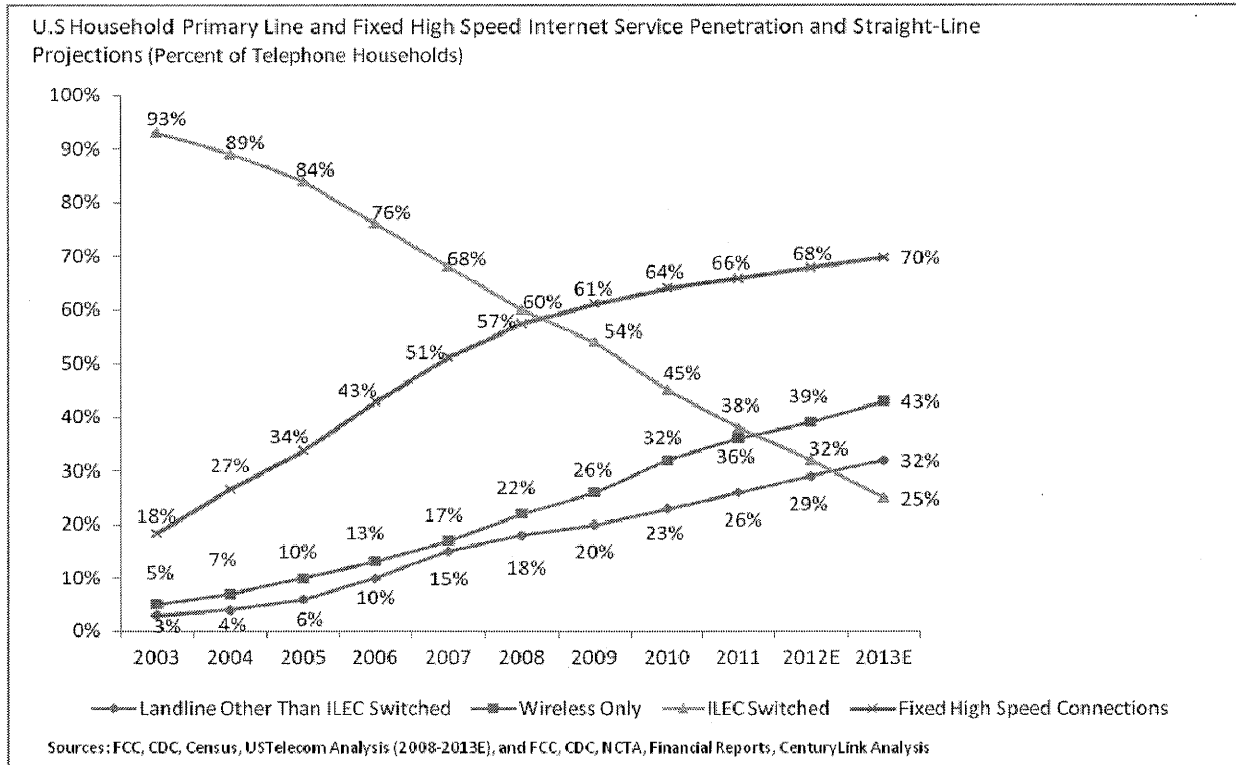
4. I believe that the restoration of 95% of out-of-service troubles within 24 hours of the time such troubles are reported (“95% Metric”) adversely affects Minnesota consumers. It imposes a tremendous burden on CenturyLink and does so with very little benefit to the vulnerable customers the rule is intended to protect. I explain these points in this affidavit.

A. The Assumptions that Existed at the Time the 95% Metric Was Adopted No Longer Apply.

5. The 95% Metric imposed on wireline voice services by Minn. R. 7810.5800 has been in place since the 1980s. The corresponding requirement in CenturyLink QC’s Alternative Form of Regulation Plan has been in place since 1999.

6. The conditions in the residential wireline voice marketplace for telecommunications services have changed dramatically since that time. In 1999, CenturyLink served most of the residential customers in its service territory in Minnesota. At the end of 2012, CenturyLink’s share of the residential telecommunications market in its Minnesota service territory was approximately 32%. At the same time, other competitive wireline providers served approximately 35% of residential voice customers and 33% of customers had chosen to forgo wireline voice service entirely and rely solely on wireless service.

7. CenturyLink’s market share in Minnesota is consistent with national trends wherein customers of incumbent wireline providers have increasingly looked to other providers for their residential communications needs:



8. These trends significantly alter both the requirement for and the impact of the 95% metric:

- Not only has the total number of customers subscribing to wireline voice service dramatically decreased, but just as importantly, the number of CenturyLink wireline voice subscribers experiencing an outage of service that is subject to this metric has decreased significantly. Through proactive maintenance and continued investment, on a monthly average, only 0.27% of CenturyLink’s customers experience an outage of service that is subject to this metric.
- The number of customers experiencing out-of-service conditions has decreased dramatically, from just over 126,000 in 2007 to a low of 27,073 in 2014.

- In addition, nearly all customers represented by that 0.27% figure have an alternate means of communication available to them, meaning that restoring service within 24 hours is less critical than it was at one time.
- Customers who have medical conditions are assigned a priority to ensure their service is restored first.
- The fact that CenturyLink now has fewer customers that report a wireline voice out-of-service condition makes it very difficult for CenturyLink to meet the 95% restoral requirement.
- CenturyLink has little margin to recover from adverse events, such as damaging weather.
- Most importantly, this metric causes CenturyLink to divert resources away from provisioning new service to customers or repairing trouble that does not involve an out-of-service condition. In that sense, the metric does not benefit Minnesota customers.

B. The Impact of the 95% Metric on CenturyLink’s Operations.

9. Repairing out-of-service conditions within 24 hours does not mean that CenturyLink actually has 24 hours to perform the repair. Customers generally do not provide access to their homes outside of traditional acceptable service hours. This significantly narrows the window of time CenturyLink has to access the residence in order to restore an out-of-service condition within the first 24 hours.

10. CenturyLink balances the scheduling of its technician time on a daily basis in three areas: provisioning, repair and out of service. CenturyLink generally provisions services on an interval of two to five days, depending on the product, applicable regulatory requirements and customer needs. For service affecting repairs and repairs not involving out-of-service conditions, CenturyLink provides a customer commitment for every such repair. Often, the repair appointment may require access to the customer’s premises requiring that access be scheduled around the customer’s availability. CenturyLink will

schedule the appointment for repair with the customer and provide in advance a window of time during which it will perform the repair. In nearly all cases, CenturyLink has advance notice of the scheduling of all provisioning and non-outage repairs.

11. When a customer notifies CenturyLink that a particular out-of-service condition is urgent, the customer has the option to request that its repair be given priority. CenturyLink regularly places such repairs to the top of its priority list. Furthermore, CenturyLink routinely resolves these repairs within the day the request is made. Other customers who rely on their landline service for medical or other life-saving reasons have their records flagged and their service outage is prioritized automatically.

12. It is challenging to anticipate out-of-service conditions. Based on historical data, the Company forecasts anticipated out-of-service volumes and allocates the proportionate number of technician resources to meet the forecasted demand. However, the volume of out-of-service situations varies greatly from day-to-day.

13. The most significant volume variances are driven by unpredictable events. Day-to-day events such as rain, construction and storms can cause the number of trouble tickets on a particular day to double or even triple regular volumes. Even if CenturyLink resolves a high percentage of tickets on a particular day, the mathematical metric results can fall so far that it will take months to recover.

14. Other variables make it difficult to meet the metric. Icy road conditions, heavy construction in an area or even traffic can dramatically impact the time it takes to perform each repair.

C. The 95% Metric is Much More Difficult to Meet Today Than It was Ten Years Ago.

15. Several factors make the 95% metric significantly more onerous to achieve now than it was ten years ago. This is because of the dramatic reductions in the quantities that make up the numerator and denominator of the mathematical formula used to calculate this metric. In other words, as the number of out-of-service events decline, the variability of daily volumes causes a greater impact on the resulting metric.

D. The 95% Metric Disadvantages Companies for Successfully Preventing Customers from Losing Service in the First Place.

16. Perversely, the fact that CenturyLink has invested in its network to greatly reduce the out-of-service conditions that a customer experiences in the first place now causes CenturyLink's difficulty in meeting the 95% objective. From 2007 to the present, CenturyLink has greatly reduced the number of out-of-service conditions it faces.

Year	Average Out-of-Service Reports per Month	Average Customer Access Lines per Month	Percent Out-of-Service
2007	10,511	1,240,726	0.85%
2008	8,656	1,149,588	0.75%
2009	7,786	1,029,732	0.76%
2010	7,549	913,827	0.83%
2011	5,783	813,977	0.71%
2012	2,512	727,165	0.35%
2013	2,256	644,204	0.35%
2014 (YTD)	1,573	588,249	0.27%

17. CenturyLink has significantly outperformed Commission metrics related to trouble tickets and held orders. Commission rules require no more than 6.5 trouble tickets per 100 access lines. CenturyLink's AFOR maintains a more stringent standard of 2.5 trouble tickets per 100 access lines. CenturyLink's performance in this area has generally

produced fewer than 1% of trouble tickets per 100 access lines and, with respect to out-of-service situations, has reduced the number from 0.85% in 2007 to 0.27% in 2014.

18. The reduction in the number of out-of-service conditions occurring over the same geographic area may influence the time it takes to resolve each problem.

E. The Metric Disadvantages CenturyLink for Prioritizing Emergency Out-of-Service Conditions.

19. Many customers have means of communication independent of the landline phone. Such alternatives make the concerns associated with an out-of-service condition less critical. While not all customers have alternative means of communication, most do. In Minnesota, wireless phones exceed the total number of landlines.

20. The 95% metric does not differentiate between customers that are out of service and have no alternative means of communication from customers for whom the loss of service is less critical. Prioritizing emergency situations is standard practice at CenturyLink. However, prioritizing repairs in that manner can result in the company deploying technicians in a less efficient manner than would give it the best chance to meet the 95% standard.

21. Because it does not distinguish between emergency situations and situations that are less dire, the metric disadvantages CenturyLink for prioritizing customers that truly need service restored immediately.

F. The Metric Requires CenturyLink to Delay Scheduled Repairs and Installation of New Service Because of the Possibility Out-of-Service Conditions will Require Resources be Available Elsewhere.

22. Because out-of-service conditions vary significantly in number and nature from day to day, CenturyLink must keep an appropriate percentage of technician time

available to address such situations. Doing so means that CenturyLink cannot schedule installations and other repairs. If CenturyLink under-estimates the volume of out-of-service conditions on a particular day, it increases the period of time that customers must wait for new services and repairs. If CenturyLink over-estimates the volume of out-of-service conditions, its technicians are not able to efficiently serve customers for other purposes that would be beneficial.

G. Competition for Customers Disadvantages Inefficient Investment Caused by Regulatory Metrics.

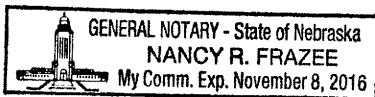
23. CenturyLink's ability to recover costs associated with regulatory metrics is constrained by market conditions. Most, if not all, customers can vote with their feet and price increases may encourage them to do so. Instead, the metric has the effect of hurting CenturyLink's ability to compete, which ultimately does not benefit customers.

24. In light of these issues, I strongly urge the Commission to consider CenturyLink's request and either grant it the relief it seeks, or modify the 95% standard to an 85% level.

This concludes my affidavit.


Patrick Haggerty

Subscribed and sworn to before me
this 21st day of May, 2014.



Notary Public
Nancy Frazee