

**Introduction of CenturyLink
John Idoux, Kansas Governmental Affairs
Before the Senate Utilities Committee
January 15, 2015**

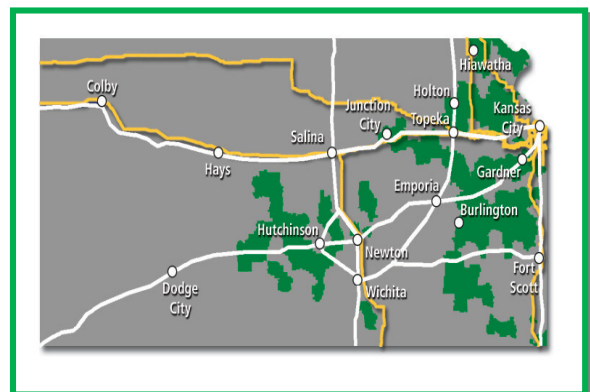
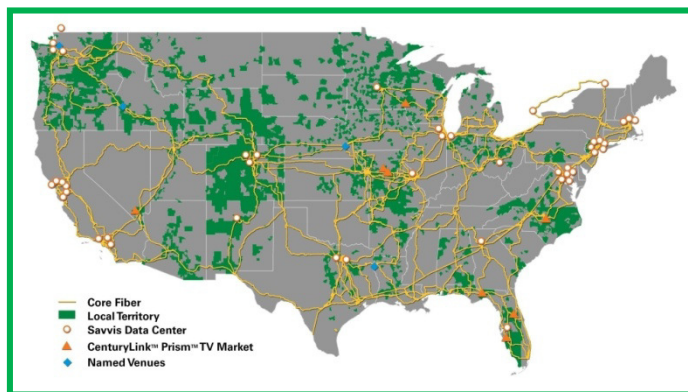
Thank you Chairman Olson and members of the Committee. My name is John Idoux and I am CenturyLink's Director of Governmental Affairs for Kansas. I appreciate this opportunity to introduce myself as well as CenturyLink and discuss CenturyLink's commitment to rural Kansas.

CenturyLink Introduction

CenturyLink has provided communications services in Kansas for over 110 years and is today the third largest telecommunications company in the United States providing broadband, voice and managed services to consumers and businesses across the country. In addition, the company provides data, voice and managed services to enterprise, government and wholesale customers in local, national and select international markets through its high-quality advanced fiber optic network and multiple data centers. CenturyLink is recognized as a leader in the network services market by key technology industry analyst firms, and is a global leader in cloud infrastructure and hosted IT solutions for enterprises through Savvis, a CenturyLink company.

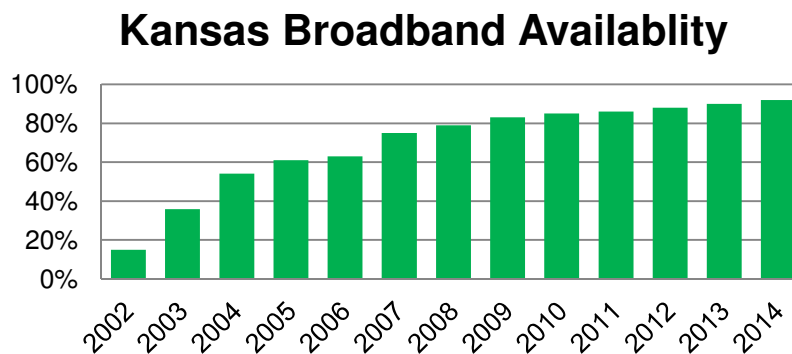
CenturyLink In Kansas

CenturyLink serves over 72,000 rural Kansans in 119 communities including Junction City, Fort Riley, Gardner, and 111 communities with less than 1000 residents. CenturyLink has deployed high speed Internet facilities to all 119 Kansas communities and nearly 92% of customers have access to broadband. CenturyLink maintains a significant workforce in Kansas with nearly 1700 employees and has nearly \$650 million in Kansas investment. CenturyLink also provides wholesale transport services with more than 750 route miles of fiber optics throughout Kansas.



CenturyLink Committed To Broadband in Kansas

CenturyLink has not received any state support to deploy its broadband network to the nearly 90% of CenturyLink's Kansas customers that have access to high speed broadband. A vast majority of CenturyLink's customers have access to speeds that equal or exceed 4 Mbps downstream. Also, augmenting capacity requires substantial investment. CenturyLink recently invested over \$2 million to increase capacity 5-fold to accommodate increased usage from applications such as Netflix. As CenturyLink continues to expand its broadband network in Kansas, the investment per incremental customer grows exponentially due to the rural nature of Kansas. The following chart illustrates CenturyLink's deployment of broadband in Kansas as measured by availability:



Remaining Unserved and Underserved Areas

Nearly 92% of CenturyLink's Kansas territory has less than 10 households per square mile. To reach rural Kansans with broadband, CenturyLink invested over the past two years more than \$2000 per accessible customer. With broadband service starting at \$15/month, or \$180/year, plus the additional network and operational monthly costs to maintain a robust broadband network, the payback period for this investment is measured in decades. Additional deployment will be extremely difficult without the type of public-private partnership envisioned with the FCC's Connect America Fund and possibly the KUSF. While the FCC's most recent CAF II models project over \$15 million annually to pass over 30,000 households for CenturyLink's service area in Kansas, it is very clear the effect of the program will be smaller than anticipated. Specifically, after spending more than three years to write the final order, and after considerable input from Kansas elected officials, the FCC adopted such a restrictive timeline for the build-out to high-cost areas that CenturyLink may not be able to build facilities to many of our rural customers. This means that customers in many of the areas that are most difficult to reach will have to wait until the FCC adopts workable auction rules before learning whether or not they will be eligible to receive broadband service. The FCC's CAF II final order is expected in 1Q2015 and companies like CenturyLink will have 120 days to accept the offer. If the FCC's offer is not accepted, the areas will go to a competitive bid process although the specifics have yet to be finalized by the FCC.