

Opening Comments

Julie Darrington, CenturyLink V.P. of Operations—North Central Division

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I'm Julie Darrington, CenturyLink's Vice President of Operations for the North Central Division - ND, SD, NE, MT and WY. I have end to end accountability for leading field operations to ensure service reliability and delivery of telecommunication services to residential and business customers.

I'm here to share updates on four important topics:

- 1 A summary of the Belfield new fiber and electronics buildout.
- 2 The status of the Belfield and Fairview network rehabilitation.
- 3 Our response to outages – specifically long durations to complete customer's repairs.
- 4 Some of our customers have experienced missed commitments and we have not communicated with the customer. This is unacceptable. We have identified process and system improvements to address this issue and I will share the details.

While the complaints involved 28 customers, we wanted to address all the customers in these areas experiencing chronic issues and designed our project to focus on 41 customers in Belfield and Fairview.

The new fiber and electronics addressed 16 of the 41 customers. This deployment was completed in December which included full migration of all customers to the new facilities. As part of this project:

- CenturyLink invested over **\$1.8 million** dollars in the Belfield Exchange, including the placement of **45.4** miles of fiber and **20** new serving nodes.
- Today, 285 customers in the Belfield exchange have access to high speed internet.

We continued to see customer complaints throughout 2017 while we were in the implementation phase. This major project took the entire construction season to complete. Fiber will greatly improve the reliability of the system and in turn improve the customer's quality of service.

Of the 41 identified customers, 16 were addressed by the new build. The remaining 25 customers were targeted for rehabilitation efforts.

The rehabilitation process involves five key steps:

- Identify repeater housing condition and verify environmental integrity.
- Identify cable sections that do not have at least 90% pair functionality.
- Identify Carrier condition.
- Identify proper Bonding and Grounding.
- Identify Pedestal condition.

We completed all five steps for the Fairview exchange (18 customers) but we still have final work to do in Belfield (7 customers).

In total, CenturyLink rehabbed **82.5** miles of cable and replaced approximately **7.5** miles of cable in 2017. CenturyLink estimates it will spend **\$140K more** than projected for these two rehab projects.

Although we have made significant progress, we underestimated the time it would take to complete and the number of contractor resources necessary to complete the full rehab.

Six contractors have been hired to begin work on the cable rehab project as soon as frost lifts (as early as April 1). The project will be completed within 60 days of the start date.

CTL completed a similar rehab project in Wibaux, MT in August 2016. Following the rehab project, the Company saw a dramatic decrease in the number of customer complaints in the area:

- In 2015 there were 25 trouble tickets and in 2016 there were only 4 trouble tickets in the Wibaux area, **an 84%** decrease.
- We have already started to see similar results in Belfield: in June – December 2016 we had 74 trouble tickets in Belfield; while in the same period in 2017, there were only 21 trouble tickets, a **72%** decrease. Once all the rehab work is complete in Belfield, we expect an even further reduction in trouble tickets.

The third area of concern is the time it takes to complete repairs:

- In 2017, we replaced a number of experienced technicians due to retirement and attrition. We replaced those technicians and in fact added two net new headcount in 2017. However, there is a learning curve for new technicians and significant training took place. We will see improved productivity with these technicians in 2018. We also believe the network investments we made in 2017 will pay off in reduced number of trouble tickets going forward.

The 4th area of importance are customer missed commitments. As mentioned earlier, some of our customers have experienced missed commitments and we have not communicated appropriately with the customer. This is unacceptable. We have identified process and system improvements to address this issue.

To address missing commitments made to customers, significant changes have been developed and implemented both in ND and nationally:

Launched 2/26/18:

- Improvements include a systematic identification for all tickets that flags if a customer was missed and prioritizes the repair for the next day. Absolutely cannot miss it again.
- If a tech is concerned they may miss a commit, supervisor must review, determine if another tech can reroute and if not, customer will be notified.

Launching 3/31/18:

- Adjusted system capabilities to enable work stream prioritization. In the past, “all repair” rolled together and now we target “POTs Repair” to ensure appropriate time is set aside each day to prioritize these repairs.

Launching 2nd quarter:

- Techs receive notification by 9am if they are loaded with a carryover ticket, which allows them to prioritize their route.
- If a ticket is not completed by 1pm, the technician’s supervisor will receive a notification updating them that it isn’t complete.

Our top priority is to provide the best customer experience.

For the four major concerns I’ve reviewed, we have taken extensive steps to improve our customers’ experience in 2018 and beyond. We have upgraded network infrastructure and rehabbed cable. We have added and trained technicians so they will be more experienced in serving customers in 2018. We have improved the manner in which we are handling customer trouble tickets.

I believe these steps will lead to significantly improvements in 2018. I’m committed and will be working every day to ensure that is the case.