

CenturyTel input for Katrina Panel

CenturyTel is a full service communications company and is the 8th largest local exchange carrier in the United States based on access lines served. We have around 2 ¼ M geographically clustered access lines in 26 states.

CenturyTel also operates an affiliate, LightCore, which includes a fiber network of nearly 14,500 route miles, approximately 72 percent of which is currently lit, providing increased control of the company's transport needs in much of its central U.S. service area. In 2005, the Company acquired approximately half the CLEC and fiber assets of KMC telecom which gave us access to fiber rings and customers in 16 tier 2 markets.

CenturyTel has approximately 700 thousand access lines in our southern region. Katrina impacted about 100 thousand lines at its highest level, or about 14% of lines in the region. We had all local telephone services restored within days of the event (where homes still existed); however, 800-service number failures originating in specific areas and frequent all-circuits-busy problems continued for 4-6 weeks after Katrina. Dependence upon power restoration required prolonged alternate power source activity, primarily using generators, for some time after the initial physical restorations due to the storm.

Being from Louisiana, we use geographic-based words to describe our issues. I'm going to refer to the bad stuff as 'Gators'. So what were our biggest gators?

- (a) Dependence on and vulnerability around utility infrastructure owners or providers for restoral and information
- (b) Fuel
- (c) Security
- (d) Food and housing for workers

I don't want to miss the opportunity, however, to say thank you to our FCC partners. Once the FCC representatives Tom Navin and Rodger Woock became involved, they stayed in constant contact, with offers of assistance which were primarily around fuel, access and security. By then, we had already put our Company restoration process in motion so did not need to take advantage of those offers. However, it was certainly comforting to know that we had them as back up if our plan went awry. We appreciated the concern and follow up efforts from those individuals and from the FCC.

Back to the Gators:

From a service restoration standpoint, during Hurricanes Rita, and then Katrina, we, along with other telco's we talked with, felt we were pretty much on our own, in having to figure things out and next steps. We accomplished service restoration either by ourselves, if we controlled the infrastructure, or through relationships with our carrier partners. Frankly, some were more cooperative than others and that alone lent itself to varying degrees of success with speedy restoration. There were no formal or consolidated inter-company processes or a single state or regional liaison to rely on. Our biggest issues included dependence on and therefore vulnerability with other network

providers, such as the BellSouth tandems in New Orleans. Briefly, CenturyTel customers could not call into New Orleans nor to any of the offices sub-tended off of those tandems. This raised a lot of concern as people tried to get information about friends, relatives, status of property, and so on. Additionally, once BellSouth began moving traffic off of those switches, other network congestion resulted and many more customers experienced all-circuits-busy throughout Louisiana and parts of Alabama for 4-6 weeks. Full service restoration success and speed depended upon our infrastructure partners.

Fuel was not available in the local areas. Once resources were secured in Texas and Northern Louisiana, CenturyTel rented tankers to haul fuel to impacted areas. Concern about driver safety precluded entry into some of those areas until a staging area was secured and in some cases police escorts were arranged.

Even though all were secured by lock and chain, a number of portable generators were stolen in more isolated areas, adding to restoration times, or creating outages due to prolonged power unavailability.

Housing and food were a serious concern and each group was on their own to find lodging for exhausted workers. In some cases we used our generators to power restaurants and hotels so that we could feed and house our people. We also resorted to renting motor homes for housing.

Enough about the gators, let's move on to something more constructive. Practice makes perfect – I'm sure all of us, after this hurricane season, feel we've had just about all the practice we need.

Much of the post-hurricane attention has been directed at restoring New Orleans, and we completely support those efforts. However, for the benefit of the task force, CenturyTel's focus lies more in rural areas, the risks AND the opportunities. There were smaller towns and rural homes that suffered the same devastating losses, except on a smaller scale, but have received less attention and focus. On the opportunity side for all of us, the importance of and need for dispersed functions and diversity that rural communities can provide became hugely apparent. According to the Center to Bridge the Digital Divide, as high speed data connections become increasingly available in rural communities, more business owners are recognizing that these smaller communities can provide potential solutions to business continuity challenges. Businesses are looking to rural regions to host back-up data storage and as sites to disperse critical business information support functions for a variety of reasons, most important of which are cost effectiveness, availability of workers and security. Kathy Brittain White, President and Founder of Rural Sourcing Inc. estimates her company can provide quality information services from rural areas at savings of 30 to 50% compared to urban areas. Also, employees with a strong work ethic and low turnover rates which are characteristics of a rural workforce, can reduce training and recruitment costs, according to Washington State University's case studies around bridging the digital divide. Therefore, ensuring our rural communities have adequate voice and data services available, even in times of disaster, may help keep businesses operating and families in tact throughout the duration of such

disasters. However, we realize that no communications network could be expected to remain fully operational in the face of some major disasters, such as a category four or five hurricane.

CenturyTel recommends the following initiatives be considered:

- (1) Recovery Effort Assistance: Suggest that each state appoint a dedicated regional communications liaison to coordinate recovery efforts and restoration status be established. They would work in conjunction with the FCC bureau proposed by Chairman Martin to better coordinate planning and response efforts for their state/region. This liaison would assist with restoration opportunities by having a holistic and coordinated view of the entire communications infrastructure within their state/region as well as some authority to facilitate company-to-company emergency cooperation. For example, CenturyTel's LightCore transport affiliate was instrumental in restoring Cingular's service to New Orleans very quickly. The advantage would be that rather than relying on personal relationships or "figuring it out for ourselves", the liaison would be aware of general capacity or routing opportunities and would coordinate that dialog. That oversight could include mandatory network access: Available networks should be made available, ad-hoc, to those in need, with a mechanism for guaranteeing payment (precludes having to have a signed contract). Possibly provide a stipend, tax incentive, etc. in high risk areas for carriers to either carry excess capacity or for redundancy. In the Katrina restoration efforts, some carriers actually had excess capacity, but refused to provide above an established cap, resulting in further and what we felt were unnecessary delays.
- (2) Fuel: Establish a priority list/process for providing limited restoration-directed fuel resources to public utilities and emergency services. Plan should address how the fuel is made available including security and location. It should also address the ability to haul between locations and to pump/load/unload diesel and gasoline.
- (3) Shelter/Food: Emergency utility workers face a grueling task – often with no time to sleep or access to food to sustain them during what can be long hours, days and even weeks of hard and dangerous work. Establish emergency shelters within disaster areas with priority for emergency and critical relief services.
- (4) Security: During Katrina restoration efforts, independent groups were forced to hire their own security for materials, fuel, etc. We suggest National Guard arrive and immediately set up pre-arranged safe zones for staging.
- (5) Infrastructure: Conduct a tandem and network review and make recommendations for survivability. The eye should be toward a high level infrastructure view versus at a single company level.

- (6) Tax incentives: The FCC should suggest to Congress that all businesses that invest in the Gulf Coast regions, including telecommunications companies, be given some tax relief to encourage rebuilding and the creation of jobs. The FCC should show their support for those tax relief efforts discussed at the Senate Finance Committee's October 2005 hearing on tax policy for disasters, which included double expensing for investments in new equipment, bonus depreciation, priority to Gulf Coast applicants for tax credits and tax relief for the building of new structures in disaster regions.

Q&A