

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

May 12, 2009

IN RE:

JOINT APPLICATION OF EMBARQ
CORPORATION, EMBARQ'S CERTIFICATED
TENNESSEE SUBSIDIARIES AND CENTURYTEL,
INC. REGARDING TRANSFERS OF CONTROL

DOCKET NO.
08-00219

ORDER APPROVING TRANSFER OF AUTHORITY

This matter came before Chairman Eddie Roberson, Director Sara Kyle and Director Mary W. Freeman of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a hearing held April 20, 2009 on the *Joint Application of Embarq Corporation, Embarq's Certificated Tennessee Subsidiaries and CenturyTel, Inc. Regarding Transfer of Control* ("Joint Application") filed on November 21, 2008. The *Joint Application* requests approval to transfer control of Embarq Corporation ("Embarq"), the Embarq subsidiaries certificated to provide telecommunications services in the State of Tennessee, including United Telephone Southeast LLC d/b/a Embarq, Embarq Communications, Inc. and Embarq Payphone Services, Inc., to CenturyTel, Inc. ("CenturyTel") (collectively the "Applicants").

INTERVENTIONS AND TRAVEL OF THE CASE

Petitions to intervene were filed by: Level 3 Communications, LLC ("Level 3") on December 18, 2008; Comcast Phone of Tennessee, LLC, d/b/a Comcast Digital Phone ("Comcast") on January 16, 2009; the Northeast Tennessee TVA Power Distributors¹ ("NE TN Power Distributors") on January 19, 2009; NuVox Communications, Inc. ("NuVox") on February 3, 2009;

¹ The Northeast Tennessee TVA Power Distributors group includes the following: Bristol Tennessee Essential Services, the City of Elizabethton Tennessee's Department of Electric Services, Erwin Utilities, Greeneville Light & Power Company, Holston Electric Cooperative, Johnson City Power Board and Mountain Electric Cooperative, Inc.

DeltaCom, Inc. d/b/a DeltaCom Business Solutions (“DeltaCom”) and Bristol Tennessee Essential Services (“Bristol”) on February 4, 2009. On January 13, 2009, Level 3 withdrew its petition to intervene, and on February 17, 2009, Comcast withdrew its petition to intervene. The NE TN Power Distributors filed a motion to withdraw on March 24, 2009, and the motion was granted by the Hearing Officer on April 14, 2009.

The Authority filed an *Order to Convene a Contested Case and Appoint a Hearing Officer* on February 2, 2009. On February 20, 2009, the Hearing Officer filed an *Order Granting Petitions for Intervention, Adopting Issues, and Establishing Procedural Schedule*. On March 20, 2009, the Hearing Officer filed the *Notice of Pre-hearing Conference and Hearing* in which the hearing in this matter was set for April 20-21, 2009.

THE HEARING

The Hearing in this matter was held before the voting panel assigned to this docket as previously noticed on April 20, 2009. Participating in the Hearing were the following parties and their respective attorneys:

Embarq and Century Tel – Edward Phillips, Esq., 1411 Capital Boulevard, Wake Forest, North Carolina 27587-5900 (Embarq only); Dale Grimes, Esq. and Erin Everett, Esq., Bass, Berry, & Sims PLC, 315 Deaderick Street, Suite 2700, Nashville, Tennessee 37238 (Embarq and Century Tel)

DeltaCom – Henry Walker, Esq., Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203 and D. Anthony Mastando, Esq., Delta Com, 7037 Old Madison Pike, Huntsville, Alabama 35806.

NuVox – H. LaDon Baltimore, Esq., Farrar & Bates, LLP, 211 7th Avenue North, Suite 500, Nashville, Tennessee 37219.

At the hearing, counsel for the intervenors announced that their clients had reached settlements with the Applicants. Thereafter, both Delta Com and NuVox stated that they were withdrawing their petitions to intervene and any pre-filed testimony.

The Applicants presented three witnesses: G. Clay Bailey, Vice President and Treasurer for CenturyTel; Mark Gast, Director of Analysis and Reporting for Embarq; and Rich Schollmann; Tennessee and Virginia State Executive for Embarq. The witnesses ratified their pre-filed testimony, which was admitted into the record, and were available for questions from the panel. Comment from the public was sought but no one signified a desire for recognition.

FINDINGS AND CONCLUSIONS

In the *Joint Application*, the Applicants request approval of the transfer of control pursuant to Tenn. Code Ann. § 65-4-112 and Tenn. Code Ann. § 65-4-113 (2004). The Authority finds that the transaction should be considered pursuant to Tenn. Code. Ann. § 65-4-113 because it involves a transfer of control at the holding company level. Tenn. Code Ann. § 65-4-113(a) (2004) requires a public utility to obtain TRA approval to transfer its authority to provide utility services and provides:

No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) (2004) provides the standards by which the TRA shall consider an application for transfer of authority, which in pertinent part, states as follows:


Upon application for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. The authority shall approve the transfer after consideration of all relevant factors and upon finding that such transfer furthers the public interest.

Based upon the testimony of the witnesses and the entire record, the panel found that CenturyTel has the requisite technical, managerial, and financial qualifications to assume control of Embarq. The panel further found that the transfer of control of the companies would further the


public interest because it would result in a stronger combined company which would enhance competition in Tennessee. Additionally, the panel found that that there would be no adverse impact upon Embarq customers since they will continue to be served under the same rates and terms that existed prior to the transfer. Thereafter, based upon these findings, the panel voted unanimously to approve the transfer of control as set out in the *Joint Application*.²

IT IS THEREFORE ORDERED THAT:

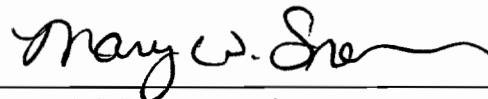
The transfer of control of Embarq Corporation and its Tennessee subsidiaries to CenturyTel, Inc. as described in the *Joint Application* and discussed herein is approved.

A handwritten signature in black ink, appearing to read "Eddie Roberson", written over a horizontal line.

Eddie Roberson, Chairman

A handwritten signature in black ink, appearing to read "Sara Kyle", written over a horizontal line.

Sara Kyle, Director

A handwritten signature in black ink, appearing to read "Mary W. Freeman", written over a horizontal line.

Mary W. Freeman, Director

² At the time of the Authority's deliberations, the Applicants' request for approval for the transfer was pending with the Federal Communications Commission and had not yet been granted.