10051110 11811001

US BANK/FCC MAY 1 1 2010 1005119091817001

READ INSTRUCTIONS CAREFULLY
BEFORE PROCEEDING

FEDERAL COMMUNICATIONS COMMISSION
REMITTANCE ADVICE
FORM 159

Approved by OMB
3060-0589
Page No 1 of 1

WC 10-110

(1) LOCKBOX # 979091	DOCKET FILE COPY ORIGINAL	SPECIAL USE ONLY FCC USE ONLY

SECTION A – PAYER INFORMATION

(2) PAYER NAME (if paying by credit card enter name exactly as it appears on the card) CenturyTel, Inc.	(3) TOTAL AMOUNT PAID (U.S. Dollars and cents) $1,015.00
(4) STREET ADDRESS LINE NO. 1 100 CenturyLink Drive	
(5) STREET ADDRESS LINE NO. 2	

(6) CITY Monroe	(7) STATE LA	(8) ZIP CODE 71203

(9) DAYTIME TELEPHONE NUMBER (include area code) (360)905-6839	(10) COUNTRY CODE (if not in U.S.A.)

FCC REGISTRATION NUMBER (FRN) REQUIRED

(11) PAYER (FRN) 0018626853	(12) FCC USE ONLY

IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C)
COMPLETE SECTION BELOW FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET

(13) APPLICANT NAME		
(14) STREET ADDRESS LINE NO. 1		
(15) STREET ADDRESS LINE NO. 2		
(16) CITY	(17) STATE	(18) ZIP CODE

(19) DAYTIME TELEPHONE NUMBER (include area code)	(20) COUNTRY CODE (if not in U.S.A.)

FCC REGISTRATION NUMBER (FRN) REQUIRED

(21) APPLICANT (FRN) 0018626853	(22) FCC USE ONLY

COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET

(23A) CALL SIGN/OTHER ID	(24A) PAYMENT TYPE CODE CUT	(25A) QUANTITY 1
(26A) FEE DUE FOR (PTC) $1,015.00	(27A) TOTAL FEE $1,015.00	FCC USE ONLY
(28A) FCC CODE 1	(29A) FCC CODE 2	
(23B) CALL SIGN/OTHER ID	(24B) PAYMENT TYPE CODE	(25B) QUANTITY
(26B) FEE DUE FOR (PTC)	(27B) TOTAL FEE	FCC USE ONLY
(28B) FCC CODE 1	(29B) FCC CODE 2	

PAID BY CREDIT CARD

PAID BY CREDIT CARD

REDACTED FOR PUBLIC INSPECTION

LATHAM&WATKINS LLP

555 Eleventh Street, N.W., Suite 1000
Washington, D.C. 20004-1304
Tel. +1 202 637 2200 Fax: +1 202 637 2201
www.lw.com

FIRM / AFFILIATE OFFICES

Abu Dhabi	Moscow
Barcelona	Munich
Beijing	New Jersey
Brussels	New York
Chicago	Orange County
Doha	Paris
Dubai	Riyadh
Frankfurt	Rome
Hamburg	San Diego
Hong Kong	San Francisco
Houston	Shanghai
London	Silicon Valley
Los Angeles	Singapore
Madrid	Tokyo
Milan	Washington, D.C.

May 10, 2010

VIA U.S. BANK

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Qwest Communications International Inc., Transferor, and CenturyTel, Inc. d/b/a CenturyLink, Transferee; Application for Transfer of Control Under Section 214 of the Communications Act, as Amended

Dear Ms. Dortch:

Enclosed on behalf of CenturyTel, Inc. d/b/a CenturyLink ("CenturyLink") and Qwest Communications International Inc. ("Qwest") are the following:

(i) An original and four (4) copies of the confidential version the above-referenced application, which seeks Commission consent to transfer control from Qwest to CenturyLink of certain Qwest subsidiaries that provide domestic telecommunications services pursuant to Section 214 of the Communications Act of 1934, as amended (the "Application");

(ii) A completed FCC Form 159 Remittance Advice covering the application fee associated with the application, which is being paid via credit card; and

(iii) A request for confidential treatment of the confidential portions of the Application;

(iv) An original and four (4) copies of the redacted, "public" version of the application;

(v) A "receipt" copy of the confidential version of the filing, along with a self-addressed envelope, postage prepaid, to be used to return that "receipt" copy to us once stamped.

Please contact the undersigned should you have any questions concerning this filing.

Sincerely,

Karen Brinkmann
Alexander Maltas
Jarrett S. Taubman

Counsel for CenturyTel, Inc. d/b/a CenturyLink

Enclosures

REDACTED FOR PUBLIC INSPECTION

LATHAM & WATKINS LLP

555 Eleventh Street, N.W., Suite 1000
Washington, D.C. 20004-1304
Tel: +1.202.637.2200 Fax: +1.202.637.2201
www.lw.com

FIRM / AFFILIATE OFFICES
Abu Dhabi Moscow
Barcelona Munich
Beijing New Jersey
Brussels New York
Chicago Orange County
Doha Paris
Dubai Riyadh
Frankfurt Rome
Hamburg San Diego
Hong Kong San Francisco
Houston Shanghai
London Silicon Valley
Los Angeles Singapore
Madrid Tokyo
Milan Washington, D.C.

May 10, 2010

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: Qwest Communications International Inc., Transferor, and CenturyTel, Inc. d/b/a CenturyLink, Transferee; Application for Transfer of Control Under Section 214 of the Communications Act, as Amended
<u>Request for Confidential Treatment</u>

Dear Ms. Dortch:

Pursuant to Section 0.459(b) of the Commission's rules, 47 C.F.R. § 0.459(b), Qwest Communications International Inc. ("Qwest") and CenturyTel, Inc. d/b/a CenturyLink ("CenturyLink") (collectively, the "Applicants") hereby request confidential treatment of the identified portion of the enclosed Application, in which the Applicants seek Commission authority to transfer control of certain Qwest subsidiaries to CenturyLink. In support of this request, the Applicants state as follows:

(1) **Identification of the specific information for which confidential treatment is sought.** The Applicants request that the Commission afford confidential treatment to those portions of the enclosed Application redacted from the "public" version of the Application ("Confidential Material").

(2) **Identification of the Commission proceeding in which the information was submitted or a description of the circumstances giving rise to the submission.** The Confidential Material is being filed by the Applicants pursuant to Section 214 of the Communications Act, as amended, and the Commission's implementing rules.

(3) **Explanation of the degree to which the information is commercial or financial, or contains a trade secret or is privileged.** The Confidential Material contains confidential and proprietary information relating to the Applicants' respective operations, including highly sensitive data regarding revenues, customers, and current and future business plans. Disclosure of this information would afford the Applicants' competitors undue insight into the Applicants' business operations, and consequently an unwarranted competitive advantage.

(4) **Explanation of the degree to which the information concerns a service that is subject to competition.** The Confidential Material concerns the Applicants' wireline service offerings. As the Commission has observed on numerous occasions, these offerings are subject to vigorous competition.

(5) **Explanation of how disclosure of the information could result in substantial competitive harm.** As noted above, the Confidential Material contains confidential and proprietary information relating to the Applicants' respective operations, including highly sensitive data regarding revenues, customers, and current and future business plans. Disclosure of this information would afford the Applicants' competitors undue insight into the Applicants' business operations, and consequently an unwarranted competitive advantage.

(6) **Identification of any measures taken by the submitting party to prevent unauthorized disclosure.** The Applicants treat the Confidential Material as highly confidential and proprietary; the Confidential Material would not normally be distributed, circulated, or provided to any party other than the relevant Applicant, its legal counsel and outside consultants.

(7) **Identification of whether the information is available to the public and the extent of any previous disclosure of the information to third parties.** The Confidential Material is not available to the public, and has not previously been disclosed to third parties.

(8) **Justification of the period during which the submitting party asserts that material should not be available for public disclosure.** The Applicants maintain that the Confidential Material should remain subject to confidential treatment indefinitely, as even historical information about the Applicants' operations could give competitors unwarranted insight into the Applicants' operations.

(9) **Any other information that the party seeking confidential treatment believes may be useful in assessing whether its request for confidentiality should be granted.** The Applicants note that the Confidential Material falls under Exemption 4 of the Freedom of Information Act (FOIA), insofar as this information is (i) commercial or financial in nature; (ii) obtained by a person outside government; and (iii) privileged and confidential. *See Washington Post Co. v. U.S. Department of Health and Human Services*, 690 F.2d 252 (D.C. Cir. 1982).

Please contact the undersigned should you have any questions concerning this filing.

Sincerely,

Karen Brinkmann
Alexander Maltas
Jarrett S. Taubman

Counsel for CenturyTel, Inc. d/b/a CenturyLink

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20544

In the Matter of	)	
QWEST COMMUNICATIONS INTERNATIONAL INC., Transferor	)	
and	)	WC Docket No. ____________
CENTURYTEL, INC. D/B/A CENTURYLINK, Transferee.	)	
Application for Transfer of Control Under Section 214 of the Communications Act, as Amended	)	

APPLICATION FOR CONSENT TO TRANSFER CONTROL

REDACTED VERSION – FOR PUBLIC INSPECTION

Tom Gerke
Executive Vice Chairman
CenturyTel, Inc. d/b/a CenturyLink
100 CenturyLink Drive
Monroe, LA 71203
(318) 388-9000

R. Steven Davis
Senior Vice President
Public Policy & Government Relations
Qwest Communications International Inc.
1801 California Street
Denver, CO 80202
(303) 992-1400

May 10, 2010

TABLE OF CONTENTS

I. INTRODUCTION 2

- A. The Parties 3
- B. The Transaction 5

II. STANDARD OF REVIEW 6

III. CENTURYLINK IS A QUALIFIED APPLICANT 8

IV. THE TRANSACTION WILL PRODUCE SIGNIFICANT PUBLIC INTEREST BENEFITS 10

- A. The Transaction Will Create Improved and Expanded Broadband Capabilities 13
  - 1. Improved Access to High-Speed Internet Services 13
  - 2. Increased Competition For Multichannel Video Services 15
  - 3. Increased Competition For Services to Enterprise and Government Customers 18
- B. Post-Merger CenturyLink Will Continue to Focus on Local Consumers & Rural Communities 19
- C. The Transaction Will Create Significant Synergy Opportunities 21

V. THE MERGER POSES NO RISK OF HARM TO COMPETITION OR CONSUMERS 22

- A. The Transaction Poses No Risk of Harm to Competition for Local Exchange or Exchange Access Services 23
  - 1. CenturyLink Service in Qwest Region – Minneapolis and Puget Sound/Gray's Harbor 24
  - 2. Both CenturyLink and Qwest as CLECs – Orlando and Huntsville 26
  - 3. Adjacencies 28
- B. The Transaction Will Not Harm Competition in the Provision of Broadband Services 29
  - 1. The Transaction Will Not Harm Internet Backbone Competition 29
  - 2. The Transaction Will Not Harm Competition For Retail Broadband Services 30
- C. The Merger Poses No Risk of Harm to Competition for the Provision of Bundled Services to Enterprise Customers 32
- D. The Transaction Will Not Harm Competition For the Provision of Video Services 34
- E. The Transaction Will Not Harm Competition For Long Distance or Wireless Services 35
- F. The Merger Will Not Disrupt Service to Any Retail or Wholesale Customers or Affect the Applicants' Ability to Satisfy Prior Commitments 37

VI. INFORMATION REQUIRED BY SECTION 63.04 38

1. Name, Address, and Telephone Number of Each Applicant 38
2. Government, State, or Territory Under the Laws of Which Each Applicant is Organized 38
3. Contact Information 38
4. Ten Percent or Greater Interest Holders 39
5. Anti-Drug Abuse Act Certification 39
6. Description of the Transaction 39
7. Description of Geographic Service Area and Services in Each Area 40
8. Eligibility for Streamlined Processing 40
9. Other Related Applications 40
10. Statement of Imminent Business Failure 41
11. Separately Filed Waiver Requests 41
12. Public Interest Statement 41

VII. CONCLUSION 42

EXHIBIT 1 Qwest Affiliates Operating Pursuant to Domestic Section 214 Authority

EXHIBIT 2 Other Qwest Licenses and Authorizations Covered by Transfer of Control Applications Related to the Transaction

EXHIBIT 3 Diagrams of Transaction

EXHIBIT 4 Map of Combined Companies' Network

EXHIBIT 5 List of Adjacent Exchanges

EXHIBIT 6 Declaration of Karen A. Puckett (CenturyLink)

EXHIBIT 7 Declaration of Teresa A. Taylor (Qwest)

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20544

In the Matter of	)	
QWEST COMMUNICATIONS INTERNATIONAL INC., Transferor	)	
and	)	WC Docket No. ______
CENTURYTEL, INC. D/B/A CENTURYLINK, Transferee.	)	
Application for Transfer of Control Under Section 214 of the Communications Act, as Amended	)	

APPLICATION FOR CONSENT TO TRANSFER CONTROL

Pursuant to Section 214 of the Communications Act of 1934, as amended ("the Act"), 47 U.S.C. § 214, and Section 63.04 of the Commission's rules, 47 C.F.R. § 63.04, CenturyTel, Inc., d/b/a CenturyLink ("CenturyLink") and Qwest Communications International Inc. ("Qwest") hereby request Commission consent to transfer control of the Qwest subsidiaries providing domestic interstate telecommunications services pursuant to Section 214 to CenturyLink.[1] Grant of Commission consent to transfer control of Qwest will permit consummation of a stock-for-stock transaction, which has been approved by the Boards of Directors of both CenturyLink and Qwest, and by which CenturyLink will acquire Qwest.

---

1 CenturyLink and Qwest are collectively referred to herein as the "Applicants." A list of Qwest subsidiaries providing domestic interstate telecommunications services pursuant to Section 214 authority is provided at Exhibit 1 to this application. A list of Qwest licenses and authorities to be transferred is provided at Exhibit 2 to this application.

I. INTRODUCTION

This transaction combines two leading communications companies, each of which is committed to providing innovative communications services to its blend of urban and rural customers. There are very few locations where the businesses of the merging companies overlap, and the proposed merger raises no competitive concerns, even within those markets. Similarly, where the parties have adjacent Incumbent Local Exchange Carrier ("ILEC") exchanges, there are no competitive concerns, and indeed, the combined company would be able to more effectively serve customers in those areas. Overall, this transaction will continue CenturyLink's tradition of highly successful, pro-consumer acquisitions and integrations, and the anticipated economic effects of the transaction will advance the public interest.

By creating a stronger company with a national platform, the transaction will help to accelerate deployment of broadband services in unserved and underserved areas for both residential and business customers. The combination will position post-merger CenturyLink to offer more vigorous competition to larger players in multichannel video and bundled services. For example, in Qwest local service territory, post-merger CenturyLink will be able to leverage CenturyLink's investments and experience in internet protocol television ("IPTV") deployment to compete against cable companies for the provision of multi-channel video services, and the triple play of voice, video, and broadband. The stronger financial position of post-merger CenturyLink and its robust national fiber network also will allow it to expand Qwest's enterprise and government business to compete more effectively against the market leaders, AT&T and Verizon. Finally, the transaction will generate economies of scale and scope that are expected to produce tangible cost synergies, and create a service provider with improved financial strength and the financial flexibility to weather the impacts of changing marketplace dynamics, including future economic downturns.

A. The Parties

<u>CenturyLink</u>. CenturyTel, Inc. d/b/a CenturyLink is a Louisiana corporation headquartered in Monroe, Louisiana, and its shares are publicly traded on the New York Stock Exchange and the Berlin Stock Exchange. CenturyLink is a holding company that conducts its business operations principally through wholly-owned subsidiaries that offer communications services, including local and long-distance voice, wholesale local network access, high-speed internet, and information, entertainment, and fiber transport services through copper and fiber networks, to consumers and businesses in 33 states.[2] As of December 31, 2009, CenturyLink provides incumbent local exchange services to approximately seven million telephone access lines.[3] CenturyLink also provides high-speed internet access services and data transmission services. As of December 31, 2009, CenturyLink provides high-speed internet access services to over 2.2 million customers.[4] In certain local and regional markets, CenturyLink also provides telecommunications services as a competitive local exchange carrier ("CLEC"), offers security monitoring, and provides other communications, professional, business, and information services. In addition, CenturyLink operates a state-of-the-art fiber transport system, which provides wholesale and retail fiber-based transport services to its customers. CenturyLink also operates a wholesale business, selling access to its network to other carriers, cable companies,

---

2 The states are Alabama, Arkansas, California, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Jersey, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, Washington, Wisconsin, and Wyoming.

3 CenturyTel, Inc., Annual Report for Fiscal Year Ended December 21, 2009 (Form 10-K), at 4 (March 31, 2010), *available at* http://www.sec.gov/Archives/edgar/data/18926/000001892610000004/form10k.htm.

4 *Id.* at 10.

internet service providers ("ISPs"), and resellers, as well as selling database services on a wholesale basis.

Qwest. Qwest Communications International Inc. is a Delaware corporation with its headquarters in Denver, Colorado, and its shares are publicly traded on the New York Stock Exchange. Qwest subsidiary Qwest Corporation ("QC") is an ILEC in 14 states.[5] As of December 31, 2009, QC serves approximately 10.3 million access lines in its ILEC region and has approximately 3 million broadband customers.[6]

For residential customers, QC offers fiber-optic internet service, high-speed internet solutions, as well as digital switched telephone service. QC, through sales relationships with Verizon Wireless and DirecTV, also sells wireless services and multichannel video services. For in-region enterprise, business, and government customers, QC offers an array of communications services including private-line dedicated high-speed data connections, switched data networking services, data hosting, broadband, long-distance services, and voice over internet protocol ("VoIP") services. Qwest subsidiary Qwest Communications Company, LLC ("QCC") operates a national fiber-optic network. Nationally, QCC is a competitor to AT&T, Verizon, and others for enterprise and government customers. QCC also is one of the three universal participants (along with AT&T and Verizon) in the federal government's Networx program, the largest set of government communications contracts in the world. QCC also operates an extensive wholesale business, selling access to its network to other carriers, cable companies, ISPs, and resellers.

---

5 The states are Arizona, Colorado, Idaho, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, and Wyoming.

6 Qwest Communications International Inc., Annual Report for Fiscal Year Ended December 31, 2009 (Form 10-K), at 4 (Feb. 16, 2010), *available at* http://www.sec.gov/Archives/edgar/data/1037949/000119312510032428/d10k.htm.

B. The Transaction

The transaction is designed to create a financially strong and stable company in the short and long term. The transaction is a simple stock-for-stock exchange that does not involve complex financial or tax structures. The transaction requires no additional debt, and there are no financing or refinancing conditions.

CenturyLink, Qwest, and SB44 Acquisition Company ("Merger Sub") entered into an Agreement and Plan of Merger ("Merger Agreement") dated April 21, 2010. Merger Sub is a Delaware corporation and a wholly-owned subsidiary of CenturyLink created to effectuate this transaction. The Merger Agreement provides for a business combination whereby Merger Sub and Qwest will merge. As a result of the merger, the separate corporate existence of Merger Sub will cease, and Qwest will continue to operate as a wholly-owned subsidiary of CenturyLink. A diagram of the transaction is provided as Exhibit 3.

On an enterprise (equity plus debt) basis, the transaction is valued at approximately $22.4 billion. As noted above, the acquisition of Qwest will be accomplished as a stock-for-stock transaction. Through the merger of Qwest with Merger Sub, CenturyLink will acquire all outstanding shares of Qwest. Under the terms of the Merger Agreement, Qwest shareholders will receive 0.1664 CenturyLink shares for each share of Qwest common stock that they own at closing. CenturyLink shareholders are expected to own approximately 50.5 percent of the combined company, and Qwest shareholders are expected to own approximately 49.5 percent of the combined company. Qwest's operating subsidiaries will remain subsidiaries of Qwest (and indirect subsidiaries of CenturyLink) and CenturyLink's operating subsidiaries will remain subsidiaries of CenturyLink.

The transaction will not effectuate any change in control of CenturyLink nor will it alter either company's existing operational structure. The transaction contemplates only a parentlevel transfer of control of Qwest. Qwest's operating subsidiaries will continue with no change at the operational level resulting from the transaction. Following the transaction, four directors of the Qwest Board of Directors will be added to the CenturyLink Board of Directors, but a majority of the Board of post-merger CenturyLink will be directors elected by pre-merger CenturyLink's shareholders.

As a result of the transaction, CenturyLink will gain local exchange networks in four additional states: Arizona, Utah, North Dakota, and South Dakota. The combined company thus will have local exchange footprints in 37 states.[7]

II. STANDARD OF REVIEW

The Commission, in deciding whether to grant the application, must determine if the proposed transfer of control will serve the public interest, convenience, and necessity.[8] The Applicants bear the burden of proving, by a preponderance of the evidence, that the proposed transaction on balance serves the public interest.[9] First, the Commission must assess whether the proposed transaction complies with the Communications Act, other applicable statutes, and the Commission's rules.[10] Next, the Commission must consider whether the transaction could result

---

7 A map showing the combined companies' network is provided at Exhibit 4.

8 *Applications Filed for the Transfer of Control of Embarq Corp. to CenturyTel, Inc.*, Memorandum Opinion and Order, 24 FCC Rcd 8741 ¶ 9 (2009) ("*CenturyTel/Embarq Merger Order*"); *AT&T, Inc. and BellSouth Corp. Application for Transfer of Control*, Memorandum Opinion and Order, 22 FCC Rcd 5662 ¶ 19 (2007) ("*AT&T/BellSouth Merger Order*"); *Application of GTE Corp., Transferor, and Bell Atlantic Corp., Transferee for Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License*, Memorandum Opinion and Order, 15 FCC Rcd 14032 ¶ 21 (2000) ("*GTE/Bell Atlantic Corp. Order*").

9 *CenturyTel/Embarq Merger Order* ¶ 9; *AT&T/BellSouth Merger Order* ¶ 19; *GTE/Bell Atlantic Corp. Order* ¶ 22.

10 *CenturyTel/Embarq Merger Order* ¶ 9; *AT&T/BellSouth Merger Order* ¶ 19.

in public interest harms.[11] Finally, the Commission employs a balancing test, weighing any public interest harms against potential public interest benefits.[12]

In performing its analysis, "[t]he Commission's general policy is not to interfere with a company's capital structure or second guess the financial community or investors that believe that the surviving company in corporate takeovers or buyouts will be financially strong enough to repay debt."[13] Further – and of great importance to all constituencies including customers and employees – proceedings to review transactions are not the proper forum for resolution of industry-wide policy issues. That is particularly true of "matters that are the subject of other

11 *CenturyTel/Embarq Merger Order* ¶ 9; *AT&T/BellSouth Merger Order* ¶ 19.

12 *CenturyTel/Embarq Merger Order* ¶ 9; *AT&T/BellSouth Merger Order* ¶ 19; *GTE/Bell Atlantic Corp. Order* ¶ 22.

13 *Shareholders of GAF Corp.*, Memorandum Opinion and Order, 7 FCC Rcd 3225, 3229 ¶ 15 (1992); *Applications of MMM Holdings, Inc. for Transfer of Control of LIN Broadcasting Corp.*, Memorandum Opinion and Order, 4 FCC Rcd 8243 ¶ 14 (1989) ("[T]he marketplace has a natural tendency to provide reasonable evaluations of properties' future financial soundness, through the collective judgment of numerous investors," and Commission's "basic predilection [is] not to second-guess these kinds of business judgments, especially where, as here, they must be ratified by a significant segment of the financial community"); *Motient Corporation and Subsidiaries, Transferors, and Skyterra Communications, Inc., Transferee, Application for Authority to Transfer Control of Mobile Satellite Ventures Subsidiary LLC*, Memorandum Opinion and Order and Declaratory Ruling, 21 FCC Rcd 10198 ¶ 25 (2006) ("[G]iving deference to the business judgments underlying the transaction," including entities' ability to attract financing); *Applications of Stockholders of CBS Inc. (Transferor) and Westinghouse Electric Corp. (Transferee)*, Memorandum Opinion and Order, 11 FCC Rcd 3733 ¶ 26 (1995) ("[T]he Commission generally refrains from interfering with a company's capital structure or from questioning a lending institution's determination that the merged entity will be financially able to repay the loans."); *Tender Offers and Proxy Contests*, Policy Statement, 59 RR 2D 1536 n.139, 144 (1986) (Commission has declined "to become enmeshed in evaluating the amount of debt financing which is appropriate in the context of a corporate acquisition").

proceedings before the Commission because the public interest would be better served by addressing the matter in the broader proceeding of general applicability."[14]

There is no question here that consummation of the transaction would not violate any statute or Commission rule. The analysis thus rests on weighing the public interest benefits of this transaction against any alleged harms. In this case, the transaction would create substantial public interest benefits, with no offsetting harms, and the Commission therefore should approve the application.

III. CENTURYLINK IS A QUALIFIED APPLICANT

Before evaluating the public interest benefits of this transaction, the Commission must determine as a threshold matter whether CenturyLink has the requisite qualifications to hold the authorizations at issue. *See* 47 U.S.C. § 310(d). The Commission has repeatedly concluded that CenturyLink is qualified under the Communications Act to hold such authorizations,[15] and the Commission should do so again here. Indeed, CenturyLink has a long history of successful acquisitions.

---

14 *Applications for Transfer of Control of Southern New England Telecommunications Corp., Transferor, to SBC Communications, Inc., Transferee*, Memorandum Opinion and Order, 13 FCC Rcd 21292, 21306 ¶ 29 (1998); *GTE/Bell Atlantic Corp. Order*,15 FCC Rcd 14032 ¶ 432; *Applications for Transfer of Control of Time Warner Inc. and America Online, Inc.. to AOL Time Warner Inc.*, Memorandum Opinion and Order, 16 FCC Rcd 6547, 6633 ¶ 209 (2001) ("[T]he issues raised by [opponents] are already under consideration in pending Commission proceedings of general applicability. The conditional requirements suggested by [opponents] should be addressed in those proceedings, and not within the confines of the merger analysis."); *Applications of AT&T Wireless Services, Inc. and Cingular Wireless Corp. for Consent To Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 19 FCC Rcd 21522, 21592 ¶ 183 (2004) (refusing to address issue that was the subject of existing rulemaking proceedings so that the Commission would be able "to develop a comprehensive approach based on a full record that applies to all incumbent LECs so that the Commission treats similarly-situated incumbent LECs in the same manner").

15 *See, e.g., CenturyTel/Embarq Merger Order* ¶¶ 13-14.

CenturyLink has proven its ability to acquire and successfully integrate other companies. In 1997, CenturyLink acquired Pacific Telecom, Inc., more than doubling the size of the company and its ILEC operations. From 1999 to 2002, the company doubled in size again by purchasing ILEC assets from GTE and Verizon in the states of Alabama, Arkansas, Missouri, and Wisconsin. In 2009, CenturyLink acquired Embarq Corporation, more than doubling the size of the company. Within the past ten years, CenturyLink upgraded its financial and billing systems in order to deliver state-of-the art customer service and improved levels of financial accountability. These systems upgrades were made with an eye towards future expansion.

Following the acquisition of Embarq and the integration of the combined companies' work force, CenturyLink reached many key milestones:

- Financial systems have been fully converted and integrated;
- Billing system conversions are taking place seamlessly with few customer inquiries;
- 25 percent of the access lines served by former Embarq have been converted to CenturyLink's state-of-the-art customer service and billing system within the first year after closing of the acquisition, and CenturyLink is on track to convert 100 percent within two years after closing;
- The company has built or leased fiber-optic transport to connect former Embarq markets in the western United States with CenturyLink markets in the eastern United States;
- IPTV has been deployed in several markets and the company is ramping up its initiative to deploy IPTV in other locations, including former Embarq markets; and

- Broadband deployment has continued and broadband speeds have increased in a number of markets.

CenturyLink's integration of Embarq thus has been highly successful.[16]

CenturyLink's management team has some of the longest and most successful tenure in the industry with a proven track record of successful mergers and acquisitions. Moreover, the company has met or exceeded expectations in merger-related performance to date as a result of a disciplined and strategic approach to company growth and long-term viability. The combined skill sets and leadership abilities of the company will make this transaction successful.

IV. THE TRANSACTION WILL PRODUCE SIGNIFICANT PUBLIC INTEREST BENEFITS

The proposed merger will substantially enhance competition in the communications industry and will result in a combined enterprise that is better positioned to serve its customers and adapt to evolving market demand. Post-merger CenturyLink will have over 17 million telephone access lines, and serve over five million high-speed internet customers. The transaction also will create a robust fiber network of approximately 180,000 route miles that creates a nationwide platform, with particular strength in the central United States, and that will provide new and important links between urban and rural America.

The merger will facilitate broadband deployment by creating a stronger national competitor for broadband services with an established localized approach to meeting market demands. Within the local markets that both companies serve today, the transaction will create a stable provider with the renewed resources to invest in broadband and advanced services,

---

[16] *See* Reuters, "CenturyTel, Qwest Results Impress Ahead of Merger," (May 5, 2010) *available at* http://www.reuters.com/article/idCNN0512457820100505?rpc=44 (quoting Hudson Square Research analyst as stating, "It's a good sign that the Embarq integration is going well for CenturyTel, which should give investors confidence of their ability to integrate Qwest.").

consistent with the goals of the National Broadband Plan. Moreover, as described more fully below, post-merger CenturyLink will be able to leverage CenturyLink's investments and experience in IPTV deployment, and thus the proposed merger will enhance the companies' ability to compete with cable companies for video services, as well as for the "triple play" of internet, voice, and video services. The provision of these bundled services will provide an important source of broadband revenue and also will help reduce customer churn, which in turn should allow post-merger CenturyLink to increase broadband investments and deployment. The transaction thus will offer customers in the Applicants' regions meaningful choice for broadband, video, and bundled services, and help to advance a core goal of the National Broadband Plan.[17]

Post-merger CenturyLink's strength in broadband services and its extensive fiber network also will improve its competitive potential in the enterprise market. The company will be able to leverage Qwest's leading enterprise services capabilities to compete on a national scale against large providers serving enterprise customers such as AT&T, Comcast, Verizon, and Cox. Further, CenturyLink will have greater financial strength and flexibility and will be better able to weather the impacts of changing marketplace dynamics, including economic downturns.

In addition, the transaction will enhance service to rural communities. The transaction will significantly expand the availability of broadband capabilities to both companies' rural customer bases, consistent with CenturyLink's demonstrated commitment to universal broadband deployment. Post-merger CenturyLink's stronger financial position will result in

---

[17] *See* Federal Communications Commission, *Connecting America: The National Broadband Plan* 36 (2010), http://www.broadband.gov ("*National Broadband Plan*") ("Competition is crucial for promoting consumer welfare and spurring innovation and investment in broadband access networks. Competition provides consumers the benefits of choice, better service and lower prices.").

more rapid deployment of broadband access and advanced broadband capabilities, such as IPTV access, for the benefit of rural customers in both CenturyLink and Qwest rural communities.

As noted, this is an almost entirely complementary merger. The Commission has raised few concerns in such circumstances, and has approved multiple transactions involving complementary wireline networks, including, most recently, the CenturyTel/Embarq merger. The Commission noted the significant merger-specific public interest benefits from combining complementary networks and facilities, achieving economies of scale and scope, and leveraging cost savings. For example, the Commission has recognized that joining harmonizing networks would "give rise to significant economies of scope and scale," would create "cost reductions as benefits," and that "by broadening its customer base," a merged entity can obtain increased incentive to invest in innovative products and services.[18] Further, the Commission has found that horizontal combinations involving voice and enterprise providers are unlikely to create public interest harms, because the number of competitors positioned to serve enterprise customers, and the rapid growth of intermodal competitors in mass market voice services, curbs any risk of harm to competition.[19] For similar reasons, the Commission should promptly find that this transaction promotes the public interest, while giving rise to no offsetting harms.

---

18 *AT&T/BellSouth Merger Order* ¶¶ 214-15; *SBC Communications Inc. and AT&T Corp. Applications for Approval of Transfer of Control*, Memorandum Opinion and Order, 20 FCC Rcd 18290 ¶ 191 (2005) ("*SBC/AT&T Merger Order*") ("We find that the merger will permit the integration of the complementary networks and assets of SBC and AT&T, giving each carrier facilities it previously lacked. We further find that this network integration will permit the merged entity to offer a wider range of services to its broad range of customers. Moreover, customers will benefit not only from the new services, but also from the improvements in performance and reliability resulting from the network integration.").

19 *SBC/AT&T Merger Order* ¶ 96; *AT&T/BellSouth Merger Order* ¶ 3; *CenturyTel/Embarq Merger Order* ¶ 19 (stating that competitive LECs are "more likely to target" enterprise customers "[g]iven the enhanced revenue opportunities in serving enterprise customers").

A. The Transaction Will Create Improved and Expanded Broadband Capabilities

The scope of post-merger CenturyLink's high-speed internet access penetration will bring the following significant benefits to consumers in high-speed IP-based services.

1. Improved Access to High-Speed Internet Services

The combination of CenturyLink and Qwest will facilitate the deployment of broadband to more customers, with the added benefit of a more localized approach to service and meeting evolving customer demands. Both CenturyLink and Qwest have made significant investments to achieve widespread broadband capability in their regions, and have made particular investments in achieving higher speed penetrations. CenturyLink has enabled nearly 6 million access lines for high-speed internet, representing 89 percent of its total access lines. Over 96 percent of its broadband access lines are at downstream speeds of 1.5 Mbps or greater. CenturyLink has also made a substantial investment to deploy higher-speed internet access, with over 4.3 million access lines enabled at speeds of 3 Mbps or greater, approximately 3.9 million lines enabled at speeds of 6 Mbps or greater, and over 2.7 million lines enabled at speeds of 10 Mbps or greater. Qwest has qualified over 86 percent of its living units passed for high-speed internet.[20] Over 14 million of Qwest's living units passed are qualified at 1.5 Mbps or greater, and over 8 million living units qualified at 5 Mbps or greater.

The transactions will combine both companies' expertise and commitment with new scale, scope, and improved financial strength. This will allow the companies to support even larger-scale broadband deployment, including to the most rural customers who are a particular

[20] Qwest defines living units to include any distinct address in its Loop Facilities Assignment and Control System inventory where Qwest has provided or plans to provide service, including homes, apartments, and businesses.

focus of the National Broadband Plan.[21] As the Commission has recognized, too many Americans (and especially rural Americans) still lack access to broadband at home, and expanding broadband access and adoption can lower health care costs, improve education, and increase energy efficiency.[22]

The transaction will help to achieve the goals of the National Broadband Plan by introducing new or more robust broadband competition in many areas across the country, which will help ensure that consumers throughout the company's region enjoy better and more affordable broadband services. The combination will enable the company to compete more effectively with the largest cable broadband providers, such as Comcast, Time Warner Cable, Cox, Charter, and others that offer internet access and bundled services throughout its region.[23] CenturyLink and Qwest typically compete with at least one and sometimes two of these providers in the geographic regions that they serve. By joining the two companies' networks, and increasing financial resources, customers will benefit as the post-merger CenturyLink becomes a more formidable competitor to these major facilities-based broadband providers. The merger also will enable CenturyLink to provide more competition to customers in multiple-dwelling-unit buildings.

The transaction creates a truly nationwide platform for both broadband deployment and for the delivery of next-generation content and services by merging Qwest's and CenturyLink's complementary long-haul fiber networks and each party's core metropolitan rings. The

---

21 *National Broadband Plan*, at 5 (noting that broadband adoption "lags considerably" in rural areas).

22 *National Broadband Plan*, at 3-4.

23 *Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming*, Thirteenth Annual Report, 24 FCC Rcd 542 ¶ 65 n.204, Table 10 (2009) ("*Delivery of Video Programming Competition Report*").

transaction will give post-merger CenturyLink approximately 180,000 route miles of fiber in the United States. Qwest's nationwide fiber-optic network is capable of delivering transport speeds of up to 40 Gbps, and is expected to reach 100 Gbps in 2010. The existing CenturyLink fiber optic network also is capable of delivering transport speeds of up to 40 Gbps. Efficient access to this network will allow post-merger CenturyLink to provide broadband services more economically to more residents by reducing middle mile and backbone costs.[24]

2. Increased Competition For Multichannel Video Services

The transaction will enable CenturyLink to leverage its expertise, investments, and experience in IPTV deployment for the benefit of Qwest's customers. CenturyLink has devoted substantial resources to successfully deploy IPTV in three markets: Columbia, Missouri, Jefferson City, Missouri, and La Crosse, Wisconsin. CenturyLink has invested in these markets with the intention of deploying IPTV to a number of additional markets in the near future, and more broadly in the longer term. In doing so, CenturyLink has overcome significant barriers to entry by forging the necessary agreements with content providers, securing intellectual property licenses, developing a viable business model, securing contracts for technology and equipment, conducting trials in multiple markets, and training its employees.

Post-merger CenturyLink will be better positioned to consider introducing IPTV to customers in many of Qwest's markets for the first time. Although Qwest has made limited forays into providing video services, and has already deployed cable headends in Denver, Colorado; Tempe, Arizona; and Omaha, Nebraska, and a mini-headend in Salt Lake City, Utah, it has fewer than **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** *total* facilities-

---

24 *See National Broadband Plan*, at 47 (stating that "because of the economies of scale, scope, and density that characterize telecommunications networks, well functioning wholesale markets can help foster retail competition, as it is not economically or practically feasible for competitors to build facilities in all geographic areas").

based video subscribers, the bulk of which **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** are served from an analog cable system in Omaha, Nebraska.

Developments over the past few years, including the liberalization of the local cable franchise requirements, improvements in technology, investment in fiber-to-the-node architecture, and the expertise that CenturyLink gained in its existing IPTV markets, have improved the conditions for deployment of video as compared to when Qwest last explored such an option. Post-merger CenturyLink will be better positioned to capitalize on these developments because of legacy CenturyLink's on-the-ground experience, its contracts for key technology and content, and the increased resources that the transaction will make available.[25]

Post-merger CenturyLink's expertise, financial capabilities, and experience in IPTV will benefit consumers in several ways. First, the transaction will enable customers in Qwest service areas to benefit from CenturyLink's investments, by enabling CenturyLink to deploy IPTV services to current Qwest customers more quickly than otherwise would be the case. Indeed, CenturyLink has already made plans to launch IPTV services in additional major markets, including **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** and several other former Embarq markets, with expected launch prior to the close of this transaction.[26] Second, the transaction will improve the Applicants' ability to further invest in and deploy the broadband infrastructure needed to provide IPTV services by helping to decrease customer churn,[27] and producing the revenues that are necessary to justify further investment in

---

25 Qwest also recently made a small investment in a startup, ZillionTV, that delivers IP-based Video on Demand services. That investment is so small as to be immaterial, and Qwest's resulting presence in IP-based video distribution remains insignificant.

26 *See* Declaration of Karen A. Puckett, ¶ 4 (Exhibit 6).

27 *See Delivery of Video Programming Competition Report* ¶ 70 (recognizing the argument that "bundling multiple services has increased the number of new subscribers and