



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center, Suite 801**  
**Newark, NJ 07102**  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

TELECOMMUNICATIONS

IN THE MATTER OF QWEST COMMUNICATIONS )  
COMPANY, LLC AND CENTURYTEL, INC. FOR )  
APPROVAL OF INDIRECT TRANSFER OF CONTROL )  
OF QWEST COMMUNICATIONS COMPANY, LLC )      ORDER OF APPROVAL  
DOCKET NO. TM10050343

(SERVICE LIST ATTACHED)

BY THE BOARD<sup>1</sup>:

BACKGROUND AND PROCEDURAL HISTORY

This matter has been opened by the Board of Public Utilities (“Board”) due to the filing of a Joint Petition by Qwest Communications Company, LLC (“QCC”) and CenturyTel, Inc. (“CenturyLink”)<sup>2</sup> (together “Joint Petitioners”). Joint Petitioners seek Board approval of an indirect transfer of control of QCC to CenturyLink.

QCC is a subsidiary of Qwest Communications International, Inc. (“QCII”). QCII is a publicly-traded holding company with incumbent local exchange operations in 14 western and midwestern states, and nationwide competitive local exchange and interexchange operations. In New Jersey, QCC operates as an interexchange carrier (“IXC”) and competitive local exchange carrier (“CLEC”) pursuant to approvals previously granted by the Board.<sup>3</sup>

CenturyLink is a publicly traded holding company with incumbent local exchange operations in 33 states, including New Jersey. In New Jersey, CenturyLink is the parent company of United Telephone Company of New Jersey, Inc. d/b/a CenturyLink, an incumbent local exchange carrier (“ILEC”), which provides local exchange services in all or parts of five counties in the Western and Northern portions of the State of New Jersey.<sup>4</sup>

<sup>1</sup> Commissioner Elizabeth Randall did not participate in this matter.  
<sup>2</sup> CenturyTel, Inc. changed its name to CenturyLink, Inc. with shareholder approval on May 20, 2010.  
<sup>3</sup> See, *In the Matter of the Petition of Qwest Communications Corporation Requesting Authority to Provide Local Exchange Telecommunications Services throughout the State of New Jersey*, Order of Approval dated June 29, 2001, Docket No. TE09121421. In 2009, Qwest Communications Corporation converted to a Delaware limited liability company (Qwest Communications Company LLC).  
<sup>4</sup> United Telephone Company of New Jersey, Inc. d/b/a CenturyLink will not undergo a change in ownership or control as a result of the proposed transaction.

On April 21, 2010, CenturyLink and QCII entered into an Agreement and Plan of Merger ("Agreement"). Under the terms of the Agreement, QCII and Acquisition Company (a direct wholly-owned subsidiary of CenturyLink created to effectuate the transaction) will merge, and QCII will become a wholly-owned, direct subsidiary of CenturyLink. The proposed transaction contemplates a parent-level transfer of control of QCII only. QCC will remain a subsidiary of QCII, will continue as a separate certificated carrier, and will continue to provide services to its customers.

On May 19, 2010, Joint Petitioners filed a Petition with the Board seeking approval of the indirect transfer of control of QCC to CenturyLink pursuant to N.J.S.A. 48:2-51.1 and N.J.S.A. 48:3-10. The Board retained jurisdiction over this matter and designated Commissioner Nicholas Asselta to serve as the presiding Commissioner. A prehearing conference was held on July 13, 2010. The Board issued a Prehearing Order on August 4, 2010. In the Prehearing Order, the Board specified filing dates for motions for intervention. No entities or individuals sought to intervene in this docket. Thus, the Parties to this matter are the Joint Petitioners, the Division of Rate Counsel ("Rate Counsel") and Board Staff.

Consistent with the procedural schedule, Joint Petitioners filed direct testimony on August 12, 2010, and rebuttal testimony on October 14, 2010. Rate Counsel filed direct testimony on September 23, 2010. A public hearing was conducted on the evening of November 29, 2010, in Clinton, New Jersey. No members of the public appeared and no comments have been filed.

Over the course of the litigation proceeding, the Parties engaged in comprehensive discovery. Rate Counsel filed a Motion to Compel discovery responses on August 20, 2010. Commissioner Asselta, as the presiding Commissioner, issued a provisional Order deciding the Motion on September 22, 2010. Joint Petitioners also filed a Motion to Compel but later withdrew the Motion as a result of supplemental responses filed by Rate Counsel. Following the Board's review of the record, the Board **HEREBY FINDS** that the decisions made by Commissioner Asselta were proper and appropriate, and thus the Board **HEREBY ADOPTS** the provisional Order as its own and incorporates it fully into the record.

On November 3, 2010, prior to the start of evidentiary hearings, the Joint Petitioners, with the consent of Rate Counsel and Board Staff, requested, and were granted, an adjournment of the hearings so that the Parties might attempt to reach a settlement of all contested issues. On November 30, 2010, the Joint Petitioners, Rate Counsel and Board Staff entered into a settlement consisting of a Stipulation of Settlement and conditions set forth in an Attachment A thereto (together the "Settlement"). The Settlement is attached to this Order.

The Settlement includes a number of significant conditions that will be imposed upon Joint Petitioners upon issuance of a Board Order approving the Settlement and are further addressed in the Settlement. Specifically, CenturyLink's ILEC affiliate in New Jersey (i.e., United Telephone Company of New Jersey, Inc. d/b/a CenturyLink) agrees to make capital investments in New Jersey totaling no less than \$16 million over four years (beginning January 1, 2011). Likewise, it will expand the income eligibility criteria for qualification for its existing Lifeline program for some consumers who do not currently qualify, specifically from the current 100% of the federal poverty level to 135% of the federal poverty level. Additionally, the Settlement imposes upon the Joint Petitioners the obligation to provide Rate Counsel and Board Staff with specific information and reporting regarding employee levels, service quality, pensions, and merger integration activities at stipulated intervals following the completion of the merger transaction. In return, Rate Counsel and Board Staff have agreed to drop all objections to the

proposed change of control, and have agreed that the requirements of N.J.S.A. 48:2-51.1 and N.J.S.A. 48:3-10 have been satisfied upon approval of the Settlement and are further addressed in the Settlement.

## ANALYSIS

N.J.S.A. 48:2-51.1 provides as follows:

“[N]o person shall acquire or seek to acquire control of a public utility directly or indirectly . . . without requesting and receiving the written approval of the Board of Public Utilities. Any agreement reached, or any other action taken, in violation of this act shall be void. In considering a request for approval of an acquisition of control, the Board shall evaluate the impact of the acquisition on competition, on the rates of ratepayers affected by the acquisition of control, on the employees of the affected public utility or utilities, and on the provision of safe and adequate utility service at just and reasonable rates.”

Based upon prior Board precedent and N.J.A.C. 14:1-5.14(c), we find that the appropriate standard of review for this transaction is the “positive benefit” standard. As per N.J.A.C. 14:1-5.14(c), positive benefits must result from a transaction and, at a minimum, there must be no adverse impacts on any of the criteria delineated in N.J.S.A. 48:2-51.1., in order for the Board to approve a merger.

From these statutory requirements, the Board’s obligation is clear: it must consider the impacts of the transaction on competition, the rates of customers affected by the change of control, the employees of the affected public utility or utilities, and the provision of safe and adequate utility service at just and reasonable rates. Based on the standard of review noted above, this review must show a positive benefit to the State and to consumers, as well as no adverse impacts on the four statutory criteria. It is under this rubric that the Board makes its determination.

### No Adverse Impact:

#### Impact on Competition

The proposed transaction is not expected to impact competition adversely because post-merger CenturyLink and QCII will continue to serve their individual telecommunications markets and their respective customers. Joint Petitioners state that through QCC’s long-haul network and CenturyLink’s fiber rings in metropolitan areas, post-merger CenturyLink will be better positioned to be able to offer strategic products to a broader array of businesses that are seeking access to a nationwide long-distance network. Joint Petitioners also assert that the transaction will enhance competition in New Jersey by providing the post-merger company an enhanced position in the enterprise broadband markets. Finally, both QCC and CenturyLink’s ILEC affiliate will continue as separate Board-authorized carriers.

#### Impact on Rates

The proposed transaction will not have any immediate or direct adverse impact on the rates of New Jersey customers. Both CenturyLink’s New Jersey ILEC affiliate and QCC will continue as separate Board-regulated carriers, and there will be no change in rates as a result of the proposed transaction.

### Impact on Employees

The proposed transaction will not have an adverse impact on the employees of the Joint Petitioners in New Jersey. The Settlement contains the agreement of CenturyLink's New Jersey ILEC affiliate to continue to employ the necessary and appropriate number of individuals in New Jersey to ensure the provision of safe, adequate and reliable utility service in accordance with New Jersey law and marketplace demands.

### Impact on Service

The proposed transaction will not have an adverse impact on the continued provision of safe, adequate and proper utility service at just and reasonable rates in fulfillment of New Jersey law. Joint Petitioners have acknowledged their continuing obligation to comply with all applicable Board statutes, regulations and orders. Moreover, the proposed transaction will not affect the Board's powers or jurisdiction with respect to CenturyLink's ILEC affiliate in New Jersey or as to QCC.

### Positive Benefits:

Joint Petitioners assert that the proposed transaction is expected to provide positive benefits by creating a financially stronger and more flexible organization better positioned to continue to invest in networks, advanced services, systems and employees, and to deliver quality services to customers. The transaction is expected to result in an entity that can more effectively compete against other providers in the State. Additionally, the specific commitments contained in the Settlement further benefits customers and the State of New Jersey. Specifically, the Settlement contains a commitment to invest a minimum of \$16 million over four years in New Jersey assets and facilities which will be a significant positive benefit to customers and to the State. Moreover, CenturyLink's agreement to expand eligibility for its Lifeline program is an important benefit to customers in these difficult economic times. These specific commitments, coupled with the enhanced reporting requirements set forth in the Settlement, represent important positive benefits to customers and to the State of New Jersey.

Following a full and careful review of the record, as well as the Joint Petition and the Settlement, the Board **HEREBY FINDS** that the proposed transaction satisfies the necessary legal standards and that the transaction provides positive benefits to customers and to the State of New Jersey. The Board **FURTHER FINDS** that the transaction will not have a negative impact on the four statutory criteria specified in N.J.S.A. 48:2-51.1. Therefore, the Board **HEREBY ADOPTS** the attached Settlement as if it was its own, and includes all terms and conditions of the Settlement, including Attachment A thereto, as if set forth in full in this Order.

Based on the foregoing, the Board **HEREBY FINDS** the proposed transaction in compliance with relevant laws and regulations and therefore **HEREBY APPROVES** the transaction as described in the Joint Petition and the attached Settlement. The Board **FURTHER ORDERS** that the Joint Petitioners shall be authorized to engage in any transactions necessary or appropriate to effectuate and implement the proposed merger transaction, and that the Joint Petitioners shall notify the Board of the consummation of the merger transaction within ten (10) business days of the closing of the transaction. The Board **FURTHER ORDERS** that this Order shall not limit, diminish or otherwise affect the Board's existing authority and jurisdiction over the Board-regulated entities affiliated with Joint Petitioners.

Finally, the Board **FURTHER ORDERS** that the approval granted in this Order shall become null and void and of no effect to the extent it has not been exercised prior to December 31, 2011.

DATED: 12/16/10

BOARD OF PUBLIC UTILITIES  
BY:

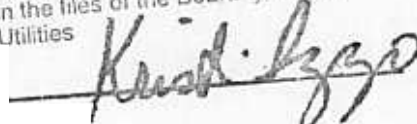
  
LEE A. SOLOMON  
PRESIDENT

  
JEANNE M. FOX  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
NICHOLAS ASSELTA  
COMMISSIONER

ATTEST:   
KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities  


**Joint Petition of Qwest Communications Company, LLC And CenturyTel, Inc. for  
Approval of Indirect Transfer of Control of Qwest Communications Company, LLC  
BPU Docket No. TM10050343**

**SERVICE LIST**

Anne Marie Shatto, DAG  
Division of Law  
124 Halsey Street  
P.O. Box 45029  
Newark, NJ 07101  
[anne.shatto@dol.lps.state.nj.us](mailto:anne.shatto@dol.lps.state.nj.us)

Stefanie A. Brand, Director  
Division of Rate Counsel  
31 Clinton Street, 11<sup>th</sup> Fl.  
P.O. Box 46005  
Newark, NJ 07101  
[sbrand@rpa.state.nj.us](mailto:sbrand@rpa.state.nj.us)

Jose Rivera-Benitez, Esq.  
Division of Rate Counsel  
31 Clinton, Street, 11<sup>th</sup> Fl.  
P.O. Box 46005  
Newark, NJ 07101  
[jrivera@rpa.state.nj.us](mailto:jrivera@rpa.state.nj.us)

Christopher J. White, Esq.  
Division of Rate Counsel  
31 Clinton Street, 11<sup>th</sup> Fl.  
P.O. Box 46005  
Newark, NJ 07101  
[cwhite@rpa.state.nj.us](mailto:cwhite@rpa.state.nj.us)

Anthony Centrella, Director  
Division of Telecommunications  
New Jersey Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102  
[Anthony.centrella@bpu.state.nj.us](mailto:Anthony.centrella@bpu.state.nj.us)

James Murphy  
Rocco Della Serra  
Division of Telecommunications  
New Jersey Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102  
[James.murphy@bpu.state.nj.us](mailto:James.murphy@bpu.state.nj.us)  
[Rocco.della-serra@bpu.state.nj.us](mailto:Rocco.della-serra@bpu.state.nj.us)

Carol Artale, Esq.  
New Jersey Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102  
[Carol.artale@bpu.state.nj.us](mailto:Carol.artale@bpu.state.nj.us)

Mark Beyer, Chief Economist  
Robert Wojack  
Office of the Economist  
New Jersey Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102  
[Mark.beyer@bpu.state.nj.us](mailto:Mark.beyer@bpu.state.nj.us)  
[Robert.wojack@bpu.state.nj.us](mailto:Robert.wojack@bpu.state.nj.us)

Sue Benedek, Esq.  
CenturyLink  
240 North Third Street, Suite 201  
Harrisburg, PA 17101  
[Sue.benedek@centurylink.com](mailto:Sue.benedek@centurylink.com)

David F. Bonsick, Director  
CenturyLink  
240 North Third Street, Suite 201  
Harrisburg, PA 17101  
[David.bonsick@centurylink.com](mailto:David.bonsick@centurylink.com)

Alex M. Duarte  
Corporate Counsel  
Qwest Communications, LLC  
310 SW Park Avenue, 11<sup>th</sup> Floor  
Portland, OR 97205  
[Alex.Duarte@qwest.com](mailto:Alex.Duarte@qwest.com)

Colleen A. Foley, Esq  
Saul Ewing LLP  
One Riverfront Plaza  
Newark, NJ 07102  
[cfoley@saul.com](mailto:cfoley@saul.com)

Alex Moreau, DAG  
Division of Law  
124 Halsey Street  
P.O. Box 45029  
Newark, NJ 07102  
[Alex.Moreau@dol.lps.state.nj.us](mailto:Alex.Moreau@dol.lps.state.nj.us)

Martin C. Rothfelder  
Rothfelder Stern LLC  
625 Central Avenue  
Westfield, NJ 07090  
[mcrothfelder@rothfelderstern.com](mailto:mcrothfelder@rothfelderstern.com)

Martha Pultar  
Director of Telecommunications  
IBEW  
900 Seventh St, N.W.  
Washington, DC 20001  
[Martha\\_pultar@ibew.org](mailto:Martha_pultar@ibew.org)

**Joint Petition of Qwest Communications Company, LLC  
and CenturyTel, Inc. for Approval of Indirect Transfer of  
Control of Qwest Communications Company, LLC  
BPU Docket No. TM10050343**

**SERVICE LIST**

Anne Marie Shatto, DAG  
Division of Law  
124 Halsey Street  
P.O. Box 45029  
Newark, NJ 07101

Maria Novas-Ruiz  
Division of Rate Counsel  
31 Clinton Street, 11<sup>th</sup> Fl.  
P.O. Box 46005  
Newark, NJ 07101

Sue Benedek, Esq.  
CenturyLink  
240 North Third Street  
Suite 201  
Harrisburg, PA 17101

Carole Artale, Esq.  
Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102

Anthony Centrella, Director  
Division of Telecommunications  
Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102

David F. Bonsick, Director  
CenturyLink  
240 North Third Street  
Suite 201  
Harrisburg, PA 17101

Alex Moreau, DAG  
Division of Law  
124 Halsey Street  
P.O. Box 45029  
Newark, New Jersey 07101

James Murphy  
Division of Telecommunications  
Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102

Sarah M. Bosley  
107 Oxpens Road  
Cary, NC 27513

Stefanie A. Brand, Director  
Division of Rate Counsel  
31 Clinton Street, 11<sup>th</sup> Fl.  
P.O. Box 46005  
Newark, NJ 07101

Mark Beyer, Chief Economist  
Office of the Economist  
Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102

Alex M. Duarte  
Corporate Counsel  
Qwest  
310 SW Park Avenue, 11<sup>th</sup> Fl.  
Portland, OR 97205

Robert Wojciak  
Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102

Jose Rivera-Benitez, Esq.  
Division of Rate Counsel  
31 Clinton Street, 11<sup>th</sup> Fl.  
P.O. Box 46005  
Newark, NJ 07101

Martin C. Rothfelder  
Rothfelder Stern LLC  
625 Central Avenue  
Westfield, NJ 07090

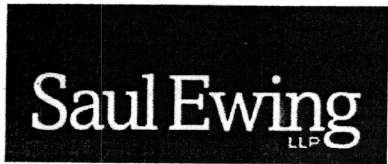
Susan Baldwin  
17 Arlington Street  
Newburyport, MA 01950

Christopher J. White, Esq.  
Division of Rate Counsel  
31 Clinton Street, 11<sup>th</sup> Fl.  
P.O. Box 46005  
Newark, NJ 07101

Rocco Della-Serra  
Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102

Colleen A. Foley, Esq.  
Saul Ewing LLP  
One Riverfront Plaza  
Newark, NJ 07102





RECEIVED  
MAIL ROOM  
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BOARD OF PUBLIC UTILITIES  
NEWARK, N.J.

Colleen A. Foley  
Phone: (973) 286-6711  
Fax: (973) 286-6811  
cfoley@saul.com  
www.saul.com

December 1, 2010

**Via Hand Delivery**

Hon. Kristi Izzo, Secretary  
Board of Public Utilities  
Two Gateway Center, Suite 801  
Newark, NJ 07102

Re: I/M/O Qwest Communications Company, LLC and CenturyTel, Inc. for Approval of Indirect Transfer of Control of Qwest Communications Company, LLC BPU Docket No. TM10050343

Dear Secretary Izzo:

Please be advised that the Parties to this proceeding, Qwest Communications Company, LLC and CenturyLink, Inc. (together, the "Joint Petitioners"), the Division of Rate Counsel, and the Staff of the Board of Public Utilities, have executed a Stipulation of Settlement fully resolving the matter. An original and ten copies of the Stipulation of Settlement are attached. The Joint Petitioners would greatly appreciate your prompt processing of this matter so that it may be presented to the Board of Public Utilities at its December 15, 2010 public agenda meeting.

Should you have any questions, please do not hesitate to contact me.

Very truly yours,

Colleen A. Foley

Enclosures

Cc: Service List

**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES**

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<b>IN THE MATTER OF QWEST</b>	:	
<b>COMMUNICATIONS COMPANY, LLC AND</b>	:	<b>Docket No. TM10050343</b>
<b>CENTURYTEL, INC. FOR APPROVAL OF</b>	:	<b>STIPULATION OF SETTLEMENT</b>
<b>INDIRECT TRANSFER OF CONTROL OF QWEST</b>	:	
<b>COMMUNICATIONS COMPANY, LLC</b>	:	

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WHEREAS, on May 19, 2010, Qwest Communications Company, LLC (“QCC”) and CenturyTel, Inc (“CenturyLink”)<sup>1</sup> collectively (“Joint Petitioners”) filed a Petition with the New Jersey Board of Public Utilities (the “Board” or the “BPU”), pursuant to N.J.S.A. 48:2-51.1 and N.J.S.A. 48:3-10 and any other applicable statutes and regulations, seeking approval of the indirect transfer of control of QCC to CenturyLink; and

WHEREAS, on July 13, 2010, a prehearing conference was held pursuant to N.J.A.C. 1:1-13.1 and attended by representatives from CenturyLink, QCC, Division of Rate Counsel (“Rate Counsel”) and Board Staff (collectively referred to as the “Parties”); and

WHEREAS, consistent with the procedural schedule established by the Board for this proceeding, all motions to intervene/participate and any motions for admission *pro hac vice* were due by August 20, 2010; and

WHEREAS, on August 12, 2010 Joint Petitioners filed Initial Testimony. On September 23, 2010, Rate Counsel filed Testimony; and

WHEREAS, on October 14, 2010, Joint Petitioners filed Rebuttal Testimony; and

WHEREAS, throughout the proceeding and in accordance with the established procedural schedule, Parties engaged in discovery; and

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CenturyTel, Inc. changed its name to CenturyLink, Inc. with shareholder approval on May 20, 2010.

WHEREAS, one public comment hearing was held on November 29, 2010 at the Clinton Borough Municipal Building in Clinton, New Jersey; and

WHEREAS, pursuant to the procedural schedule, evidentiary hearings had been scheduled for November 4 and 5, 2010; and

WHEREAS, the Parties entered into settlement negotiations; and

WHEREAS, Joint Petitioners, Board Staff, and Rate Counsel have executed this document and agreed upon terms and conditions, appended hereto as Attachment A (the "Stipulation"), in order to resolve fully their issues and to address concerns raised in this proceeding.

NOW, THEREFORE, and in consideration of the terms and conditions as set forth at Attachment A, the Parties execute this Stipulation and, HEREBY STIPULATE AND AGREE as follows:

1     The Terms and Conditions. The Parties agree that the terms and provisions of this settlement, as set forth in Attachment A hereto, are included herein as if fully written.

2     Conditions and Board Order. The Parties agree that the terms and provisions in Attachment A are premised upon the following conditions: (i) release by the Board of a final Order approving the Stipulation without any change or further modification to the terms and conditions in Attachment A; (ii) close of the proposed transaction, which is further described in the Joint Petition; and (iii) Rate Counsel's agreement to forbear filing any additional comments or information requests or to request additional conditions in the FCC's docket (WC Docket No. 10-110). Should any of these conditions not be satisfied, then this Stipulation shall terminate and shall be of no force and effect. In the event any of these conditions are not satisfied, the Parties reserve the right to further agree, in writing, to any additional terms and conditions or other measures in order to reach a further stipulation and/or to seek to resume litigation in this matter.

3. General Conditions

(a) The Parties agree that this Stipulation represents a reasonable balancing of the competing interests involved in this proceeding.

(b) The resolution of this contested matter through the adoption of the stipulated positions set forth herein best serves the interests of judicial economy and preservation of valuable corporate, judicial and administrative resources and is, therefore, in the public interest.

(c) This Stipulation is voluntary, consistent with the law, and disposes of all issues in controversy in this proceeding

(d) This Stipulation contains the entire understanding of the Parties, and there are no other terms, conditions, representations or warranties that form a part hereof.

(e) This Stipulation shall be governed by the substantive laws of New Jersey without regard to choice of law rules.

(f) If any provisions of this Stipulation are held to be invalid or unenforceable by a court of competent jurisdiction, the other provisions of this Stipulation shall remain in full force and effect.

(g) The entire Stipulation has been reviewed by and is acceptable to the Parties and their counsel as to form, content and meaning. The Stipulation was drafted jointly by the Parties; it was not drafted by any one Party and shall not be construed against any Party based on its preparation.

(h) In the event of default or breach of any term and/or condition of this Stipulation, the injured Party shall be entitled to file or use this Stipulation for any purposes whatsoever, including, but not limited to, enforcing the terms and conditions thereof.

(i) This Stipulation may be executed in multiple counterparts, each of which shall be an original and all of which shall constitute one agreement. And,

(j) Any notice to be given pursuant to this Stipulation shall be in writing and shall be given or made by confirmed facsimile, by certified, registered mail, or by overnight mail addressed as follows or to any other address as applicable:

To: CenturyLink .  
240 N. 3rd Street, Suite 201  
Harrisburg, PA 17101  
Attn: David Bonsick

To: Rate Counsel  
31 Clinton Street, 11<sup>th</sup> Floor  
Newark, NJ 07101  
Attn: Christopher J. White

To: Board Staff  
Two Gateway Center, Suite 801  
Newark, NJ 07102  
Attn: Anthony Centrella

Division of Law  
124 Halsey Street, 5<sup>th</sup> Floor  
Newark, NJ 07101  
Attn: Caroline Vachier

The Parties agree that approval of this Stipulation is in the public interest and request that the Board release a final order adopting this Stipulation without modification and approve the Joint Petition and the indirect transfer of control and ownership of QCC to CenturyLink

4. Expeditious Board Approval. The Parties agree to use their respective best efforts to ensure that this Stipulation shall be timely submitted to the Board for review and approval. Each Party also agrees to use its best efforts to obtain approval by the Board of this Stipulation without modification or condition and urges the Board to issue its written order approving this Stipulation and the Joint Petition as soon as practicable.

5. Waiver of Rights of Appeal. Subject to paragraph 2 above, the Parties specifically waive any rights to seek rehearing of or to appeal an order by the Board approving this Stipulation in the manner provided for herein.

6. Reservations.

(a) It is specifically understood and agreed that this Stipulation represents a negotiated compromise among the Parties and that this amicable resolution of issues, upon Board approval, is binding on the Parties and their successors and/or assigns.

(b) The Parties shall not be deemed to have waived any litigation rights and positions in the event this Stipulation is not approved by the Board, or if approved with modification or condition, in the event the transaction is not consummated, or if the conditions addressed in paragraph 2 are not satisfied.

(c) While binding among the Parties, this Stipulation represents a negotiated compromise and, therefore, this Stipulation may not be cited as precedent for or against the Parties in any other proceeding. And,

(d) It is specifically understood and agreed that this Stipulation is an integral settlement and that the various parts hereof are not severable without upsetting the balance of negotiated interests and the consideration in support of this Stipulation.

7. Amendments. This Stipulation may not be amended or any part of its provisions waived, except by a writing executed by all of the Parties. This Stipulation is the valid, legal and binding obligation of the Parties, enforceable against them in accordance with their terms.

8. Assignments. This Stipulation shall be binding upon the Parties and their respective successors and permitted assigns. Neither this Stipulation nor any of the rights, interests or

obligations hereunder shall be assigned or delegated by the Parties without the prior written consent of the other signatory party.

9. No Third Party Beneficiaries. Nothing herein expressed or implied shall be construed to give any person or entity, other than the Parties (and their successors and permitted assigns), any legal or equitable rights hereunder.

10. Captions. The headings in this Stipulation are inserted solely for the purpose of convenience and are not intended to, nor shall they, affect the meaning of any provision of this Stipulation.

IN WITNESS WHEREOF, Board Staff, Rate Counsel and Joint Petitioners (Qwest Communications Company, LLC and CenturyLink, Inc.), collectively referred to as the Parties, have individually caused their duly authorized representative to execute this Stipulation as of the 30<sup>th</sup> day of November, 2010.

**CenturyLink, Inc.**

By: Colleen A. Foley  
Colleen A. Foley, Esquire

**Qwest Communications Company, LLC**

By: Martin C. Rothfelder  
Martin C. Rothfelder, Esquire

**Stephanie A. Brand, Esquire**  
**Division of Rate Counsel**

By: Christopher A. White  
Christopher A. White, Esquire  
Jose Rivera-Benitez, Esquire

**Paula T. Dow,**  
**Attorney General of New Jersey**  
**Attorney for the Staff of the**  
**New Jersey Board of Public Utilities**

By: \_\_\_\_\_  
Anne Marie Shatto, Esquire  
Deputy Attorney General



IN WITNESS WHEREOF, Board Staff, Rate Counsel and Joint Petitioners (Qwest Communications Company, LLC and CenturyLink, Inc.), collectively referred to as the Parties, have individually caused their duly authorized representative to execute this Stipulation as of the 30<sup>th</sup> day of November, 2010.

**CenturyLink, Inc.**

By: Colleen A. Foley  
Colleen A. Foley, Esquire

**Qwest Communications Company, LLC**

By: Martin C. Rothfelder  
Martin C. Rothfelder, Esquire

**Stephanie A. Brand, Esquire  
Division of Rate Counsel**

By: [Signature]  
Christopher A. White, Esquire  
Jose Rivera-Benitez, Esquire

**Paula T. Dow,  
Attorney General of New Jersey  
Attorney for the Staff of the  
New Jersey Board of Public Utilities**

By: Anne Marie Shatto  
Anne Marie Shatto, Esquire  
Deputy Attorney General

**ATTACHMENT A**

**STIPULATION OF SETTLEMENT**

**Docket No. TM10050343**

CenturyLink, Inc.'s incumbent local exchange affiliate in New Jersey, namely United Telephone Company of New Jersey, Inc. d/b/a CenturyLink (hereinafter "CenturyLink") commits to the conditions set forth below. The term "QCC" refers to Qwest Communications Company, LLC, a New Jersey interexchange and competitive local exchange carrier. Unless otherwise specified, all terms and conditions expire three years after close of the transaction and a final Board Order approving the Settlement without modification.

**1. Capital Expenditures and Employees**

- Beginning January 1, 2011, CenturyLink agrees to make capital investments totaling no less than \$16 million over four years in New Jersey. The \$16 million total spend over four years can be accomplished, at the discretion of CenturyLink, with QCC and CenturyLink facilities.
  
- On an aggregated basis commencing on March 31, 2012 and for each year thereafter until the \$16 million is reached or until March 31, 2015, whichever occurs sooner, CenturyLink agrees to submit an annual report to Board Staff and to the Division of Rate Counsel generally explaining implementation of the capital investments made pursuant to this commitment in the previous calendar year and an explanation of the current year budget. The report, and/or any supporting information associated therewith, may contain confidential information and thus may require confidential protection.
  
- For three (3) years commencing upon close of the transaction and release of a final Board order approving the Joint Petition without modification, CenturyLink agrees to continue to employ necessary and appropriate number of individuals in New Jersey to ensure the provisioning of safe, adequate and reliable service in accordance with New Jersey statutes as well as to meet marketplace demands. Furthermore, for a period from January 1, 2011 through and including December 31, 2013 (assuming close of

the transaction and release of a final Board order approving the Joint Petition without modification), CenturyLink agrees that it will:

(1) submit to Board Staff and Rate Counsel, within 30 days of the end of the quarter, reports identifying the total number of CenturyLink personnel in New Jersey and the total number of QCC personnel in New Jersey and any changes thereto and the reasons for such changes. These reports will generally identify persons by function (e.g., sales, network, etc.).

(2) submit to Board Staff and Rate Counsel reports identifying the level of maintenance expense associated with CenturyLink's New Jersey operations.

## **2. Pensions**

- For a period from January 1, 2011 through and including December 31, 2013 (assuming close of the transaction and release of a final Board order approving the Joint Petition without modification), CenturyLink agrees to provide to Board Staff and to Rate Counsel a copy of the company's Annual SEC 10-K (and any 10-Q to the extent applicable) as these documents include information on pension funding in accordance with Federal requirements. (Note: as addressed in the reports concerning financial and access lines (item 5, below), CenturyLink agrees to provide to the Board and to Rate Counsel a copy of CenturyLink, Inc's quarterly income statements.)

## **3. Service Quality**

- For a period from January 1, 2011 through and including December 31, (assuming close of the transaction and release of a final Board order approving the Joint Petition without modification), CenturyLink agrees to notify the Board Staff and Rate Counsel if its service outage repair index falls below 90% restored/repaired in 24 hours in any one month across CenturyLink's New Jersey system as a whole.

## **4. Integration Reporting**

- CenturyLink agrees to notify Board Staff and Rate Counsel of closing of the proposed transaction within ten (10) calendar days after closing of the transaction
- For a period from January 1, 2011 through and including December 31, 2013 (assuming close of the transaction and release of a final Board order approving the Joint Petition without modification), CenturyLink shall submit reports to the Board Staff, with a copy to Rate Counsel, no less frequently than quarterly, showing

integration plans describing the scheduling and scoping of major systems conversions that may impact New Jersey customers, including: (1) business office and trouble reporting call centers, (2) maintenance systems that monitor central office and transport equipment, (3) engineering systems, (4) outside plant record systems, (5) billing systems, and (6) wholesale OSS.

##### **5. Financial Reports and Access Line Reports**

□ For the most recent quarter prior to the close of the CenturyLink, Inc. and QCII transaction, and quarterly, from January 1, 2011 through and including December 31, 2013 (assuming close of the transaction and release of a final Board order approving the Joint Petition without modification), CenturyLink, Inc. will provide to Board Staff and to Rate Counsel the following documents:

- 1 Qwest Communications International, Inc.'s quarterly income statement.
2. CenturyLink, Inc.'s quarterly income statement.
- 3 Total access lines at the end of that quarter for all Qwest Communications International, Inc. ILEC affiliates and Qwest CLEC/IXC affiliates. This information will be accorded confidential treatment and shall not be disclosed or used without the express written agreement of CenturyLink. Notwithstanding, the parties acknowledge that this Stipulation does not restrict the Board's Records Custodian from conducting appropriate analysis and making a determination as to the confidential nature of said report, where a request is made pursuant to the New Jersey Open Public Records Act (OPRA) at N.J.S.A. 47:1A-1 et seq.
4. Total access lines at the end of that quarter for all CenturyLink, Inc. ILEC affiliates and CLEC/IXC affiliates. This information will be accorded confidential treatment and shall not be disclosed or used without the express written agreement of CenturyLink. Notwithstanding, the parties acknowledge that this Stipulation does not restrict the Board's Records Custodian from conducting appropriate analysis and making a determination as to the confidential nature of said report, where a request is made pursuant to the New Jersey Open Public Records Act (OPRA) at N.J.S.A. 47:1A-1 et seq.

5. Total access lines in New Jersey at end of that quarter for Board-regulated entities of QCII. This information will be accorded confidential treatment and shall not be disclosed or used without the express written agreement of CenturyLink. Notwithstanding, the parties acknowledge that this Stipulation does not restrict the Board's Records Custodian from conducting appropriate analysis and making a determination as to the confidential nature of said report, where a request is made pursuant to the New Jersey Open Public Records Act (OPRA) at N.J.S.A. 47:1A-1 et seq.
  6. Total access lines in New Jersey at end of that quarter for Board-regulated entities of CenturyLink, Inc. This information will be accorded confidential treatment and shall not be disclosed or used without the express written agreement of CenturyLink. Notwithstanding, the parties acknowledge that this Stipulation does not restrict the Board's Records Custodian from conducting appropriate analysis and making a determination as to the confidential nature of said report, where a request is made pursuant to the New Jersey Open Public Records Act (OPRA) at N.J.S.A. 47:1A-1 et seq.
- For a period of three years commencing the first complete quarter after close of the transaction (and assuming release of a final Board order approving the Joint Petition without modification) and ending March 31, 2014, CenturyLink agrees to provide to Rate Counsel and to Staff the following documents:
1. CenturyLink, Inc.'s quarterly income statement.
  2. CenturyLink, Inc.'s total number of access lines at the end of each quarter. This information will be accorded confidential treatment and shall not be disclosed or used without the express written agreement of CenturyLink. Notwithstanding, the parties acknowledge that this Stipulation does not restrict the Board's Records Custodian from conducting appropriate analysis and making a determination as to the confidential nature of said report, where a request is made pursuant to the New Jersey Open Public Records Act (OPRA) at N.J.S.A. 47:1A-1 et seq.

3. Total company number of access lines in New Jersey for CenturyLink, Inc.'s ILEC affiliate, for CenturyLink's IXC, and for QCC at the end of each quarter. This information will be accorded confidential treatment and shall not be disclosed or used without the express written agreement of CenturyLink. Notwithstanding, the parties acknowledge that this Stipulation does not restrict the Board's Records Custodian from conducting appropriate analysis and making a determination as to the confidential nature of said report, where a request is made pursuant to the New Jersey Open Public Records Act (OPRA) at N.J.S.A. 47:1A-1 et seq.

## 6. Lifeline

For a period from January 1, 2011 through and including December 31, 2013 (assuming close of the transaction and release of a final Board order approving the Joint Petition without modification), CenturyLink will expand the income eligibility criteria for qualification for its existing New Jersey Lifeline program applicable to voice telephone services from the current 100% of the federal poverty level to 135% of the federal poverty level. In addition, this provision and all aspects of CenturyLink's existing Lifeline program agreed to in the settlements with Rate Counsel and the Board in the separation of Embarq from Sprint Nextel and the commitments contained in the Order approving the Plan for Alternative Regulation shall continue until further modified by the Board.<sup>1</sup> CenturyLink will submit quarterly reports to the Board Staff and Rate Counsel on the total number of lifeline customers being provided service.

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<sup>1</sup> In the Matter of United Telephone Company of New Jersey, Inc. d/b/a Sprint and LTD Holding Company for Approval Pursuant to N.J.S.A. 48:2-51.1 and N.J.S.A. 48:3-10 of a Change of Ownership and Control, Docket No. TM05080739 dated March 9, 2006 and In the Matter of the Board Investigation Regarding the Reclassification of Incumbent Local Exchange Carrier (ILEC) Services as Competitive, Docket No. TX07110873 and I/M/O the Application of United Telephone Company of New Jersey, Inc. d/b/a Embarq for Approval of a Plan for Alternative Regulation, Docket No. TO08060451 dated August 20, 2008.