



January 26, 2018

Via E-filing and Regular U.S. Mail Service

Oregon Public Utility Commission
Attention: Filing Center
PO Box 1088
Salem, OR 97308-1088

RE: Application of CenturyTel of Oregon, Inc. d/b/a CenturyLink for Authority
to Sell a Building Located in Lebanon, OR per OAR 860-027-0025

Dear Commission:

Please find attached the Application of CenturyTel of Oregon, Inc. d/b/a CenturyLink, filed pursuant to OAR 860-027-0025. CenturyLink respectfully requests that the Commission consider this Application on an expedited basis and approve the transaction no later than March 1, 2018, so that the parties can ensure a smooth transition of the building ownership.

Confidential page 3 of the Application and the Confidential Exhibits are printed on yellow paper, sealed in a separate envelope appropriately marked, and were sent to the PUC Filing Center via regular U.S. Mail service.

If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Philip E. Grate". The signature is written in a cursive style with a long horizontal line extending from the end.

Phil Grate
Regulatory Affairs Director

Attachment

BEFORE THE
OREGON PUBLIC UTILITY COMMISSION

Application of CenturyTel of Oregon, Inc. d/b/a CenturyLink
for Authority to Sell a Building Located in Lebanon, Oregon
per OAR 860-027-0025

1. Application

(a) The exact name and address of the utility's principal business office:

CenturyTel of Oregon, Inc. d/b/a CenturyLink
100 CenturyLink Drive
Monroe, LA 71203

(b) The state in which incorporated, the date of incorporation, and the other states in which authorized to transact utility operations:

CenturyTel of Oregon, Inc., an Oregon corporation incorporated on June 15, 1955, is authorized to transact utility operations in Oregon. Parent CenturyLink, Inc., a Louisiana corporation incorporated on April 30, 1968, also has subsidiaries that transact utility operations in Alabama, Arkansas, Arizona, California, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin and Wyoming.

(c) Name and address of the person on behalf of applicant authorized to receive notices and communications in respect to the applicant:

| | |
|--------------------------|-----------------------------------|
| William E. Hendricks III | Phil Grate |
| Senior Corporate Counsel | State Regulatory Affairs Director |
| CenturyLink | CenturyLink |
| 902 Wasco Street | 1600 7th Avenue |
| Hood River, OR 97031 | Seattle, WA 98191 |

(d) The names, titles and addresses of the principal officers:

See Attachment A

(e) A description of the general character of the business done and to be done, and a designation of the territories served, by counties and states:

Telecommunications. CenturyTel of Oregon, Inc. serves the following exchanges in Oregon:

| | | | |
|-------------|----------------|-----------|------------|
| Aurora | Creswell | Knappa | Sweet Home |
| Brownsville | Depoe Bay | Lebanon | Yoncalla |
| Charbonneau | Gleneden Beach | Scappoose | |

These exchanges are located in the following counties in Oregon:

| | | | |
|-----------|----------|---------|--------|
| Clackamas | Columbia | Lane | Linn |
| Clatsop | Douglas | Lincoln | Marion |

(f) A statement, as of the date of the balance sheet submitted with the application, showing for each class and series of capital stock: brief description; the amount authorized (face value and number of shares); the amount outstanding (exclusive of any amount held in the treasury); amount held as reacquired securities; amount pledged; amount owned by affiliated interests; and amount held in any fund;

Figures provided as of December 31, 2016:

Common stock: 20,000 shares authorized; 10,461 shares issued and outstanding.
Common Stock balance: \$12,992,303

No treasury stock, no amount held as reacquired securities, no amount pledged, no amount owned by affiliated interests, no amount held in any fund.

(g) A statement, as of the date of the balance sheet submitted with the application, showing for each class and series of long-term debt and notes: brief description (amount, interest rate and maturity); amount authorized; amount outstanding (exclusive of any amount held in the treasury); amount held as reacquired securities; amount pledged; amount held by affiliated interests; and amount in sinking and other funds;

As of December 31, 2016, CenturyTel of Oregon did not have any long-term debt.

(h) Whether the application is for disposition of facilities by sale, lease, or otherwise, a merger or consolidation of facilities, or for mortgaging or encumbering its property, or for the acquisition of stock, bonds, or property of another utility, also a description of the consideration, if any, and the method of arriving at the amount thereof;

The application is for disposition of an office building located at 890 South Second Street, Lebanon, OR 97355. The building contains approximately 29,975 square feet of space and is located on approximately 0.48 of an acre of land. The buyer is a 501(c)(3) non-profit corporation. The sales price is **BEGIN CONFIDENTIAL \$XXX END CONFIDENTIAL**, with an initial earnest money deposit of \$15,000 and a second earnest money deposit of \$5,000 and the remaining due at closing. CenturyLink will treat the difference between the fair market value of the property and the sales price as a charitable donation to the buyer.

(i) A statement and general description of facilities to be disposed of, consolidated, merged, or acquired from another utility, giving a description of their present use and of their proposed use after disposition, consolidation, merger, or acquisition. State whether the proposed disposition of facilities or plan for consolidation, merger, or acquisition includes all the operating facilities of the parties to the transaction;

The transaction involves the sale of an office building and associated land located in Lebanon, Oregon. CenturyLink vacated the building in 2014, and the building is not currently utilized by CenturyLink for any purpose. The buyer intends to pursue opportunities to convert the building from a vacant, non-utilized property to a functional building, thereby creating a positive impact on the community and generating income to support the organization's charitable mission.

(j) A statement by primary account of the cost of the facilities and applicable depreciation reserve involved in the sale, lease, or other disposition, merger or consolidation, or acquisition of property of another utility. If original cost is not known, an estimate of original cost based, to the extent possible, upon records or data of the applicant or its predecessors must be furnished, a full explanation of the manner in which such estimate has been made, and a statement indicating where all existing data and records may be found;

See Confidential Exhibit J

(k) A statement as to whether or not any application with respect to the transaction or any part thereof, is required to be filed with any federal or other state regulatory body;

This transaction does not require filings with any other federal or state regulatory body.

(l) The facts relied upon by applicants to show that the proposed sale, lease, assignment, or consolidation of facilities, mortgage or encumbrance of property, or acquisition of stock, bonds, or property of another utility will be consistent with the public interest;

- 1) The building is vacant and not used to support CenturyLink's operations in the area. Therefore, this property is not necessary or useful to CenturyLink in its provision of services to the public.

- 2) This property does not contain switches, cables, or network assets required for the company to operate its network in Oregon.
- 3) The sale of this property will allow CenturyLink to avoid approximately \$85,000 annually in maintenance costs and property taxes associated with this property that the company currently incurs. Further, the sale of this building will free up financial resources which can be used to support the company's continuing operations in Oregon.
- 4) CenturyLink will record a charitable donation associated with this transaction which will provide a reduction in the company's income tax expense.
- 5) The buyer intends to pursue opportunities to convert the building from a vacant, non-utilized property to a functional building, thereby creating a positive impact on the community and generating income to support the organization's charitable mission.

(m) The reasons, in detail, relied upon by each applicant, or party to the application, for entering into the proposed sale, lease, assignment, merger, or consolidation of facilities, mortgage or encumbrance of property, acquisition of stock, bonds, or property of another utility, and the benefits, if any, to be derived by the customers of the applicants and the public;

See response to (l) above.

(n) The amount of stock, bonds, or other securities, now owned, held or controlled by applicant, of the utility from which stock or bonds are proposed to be acquired;

Not applicable

(o) A brief statement of franchises held, showing date of expiration if not perpetual, or, in case of transfer, that transferee has the necessary franchises.

| <u>Jurisdiction</u> | <u>Company</u> | <u>Expiration Date</u> ¹ |
|---------------------|----------------------------|-------------------------------------|
| Aurora | CenturyTel of Oregon, Inc. | 08/29/2010 |
| Brownsville | CenturyTel of Oregon, Inc. | 09/30/2017 |
| Creswell | CenturyTel of Oregon, Inc. | n/a ² |
| Depoe Bay | CenturyTel of Oregon, Inc. | 01/01/2015 |
| Donald | CenturyTel of Oregon, Inc. | 12/10/2007 |
| Drain | CenturyTel of Oregon, Inc. | 11/14/1998 |
| Lebanon | CenturyTel of Oregon, Inc. | 06/30/2019 |
| Scappoose | CenturyTel of Oregon, Inc. | 06/30/2006 |
| Sodaville | CenturyTel of Oregon, Inc. | 11/01/2004 |
| Sweet Home | CenturyTel of Oregon, Inc. | 07/01/2006 |
| Ukiah | CenturyTel of Oregon, Inc. | 08/01/2015 |
| Waterloo | CenturyTel of Oregon, Inc. | 08/17/2009 |
| Wilsonville | CenturyTel of Oregon, Inc. | 07/31/2004 |
| Yoncalla | CenturyTel of Oregon, Inc. | 07/20/2009 |
| Clackamas Co. | CenturyTel of Oregon, Inc. | 11/26/1976 ³ |

(2) Required Exhibits

(a) EXHIBIT A. A copy of the charter or articles of incorporation with amendments to date;

Please see attached Exhibit A.

(b) EXHIBIT B. A copy of the bylaws with amendments to date;

Please see attached Exhibit B.

¹ CenturyLink is current on all fees required under all franchises listed herein, including any expired franchises (i.e., CenturyTel has continued to pay franchise fees under such expired franchises).

² CenturyLink's franchise for the City of Creswell expired September 9, 2004; however, counsel for the City has advised that City of Creswell Ordinance 421 passed December 13, 2004 functions as a franchise ordinance applicable to all telecommunications providers in the City of Creswell (CenturyLink is current on the telecommunications provider fees required under Ordinance 421).

³ This county franchise was granted to a predecessor in interest to CenturyTel of Oregon, Inc. in 1956 by the County Court of Clackamas County, for the placement of facilities over certain roads in the Wilsonville area. Based on the information available to CenturyLink, no fees are required under this franchise.

(c) EXHIBIT C. Copies of all resolutions of directors authorizing the proposed disposition, merger, or consolidation of facilities, mortgage or encumbrance of property, acquisition of stock, bonds, or property of another utility, in respect to which the application is made and, if approval of stockholders has been obtained, copies of the resolutions of the stockholders should also be furnished;

The real estate contract is signed in compliance with CenturyLink's fiscal policy. The proposed sale does not require board of director or stockholder approval.

(d) EXHIBIT D. Copies of all mortgages, trust, deeds, or indentures, securing any obligation of each party to the transaction;

CenturyLink has no existing mortgages associated with this property.

(e) EXHIBIT E. Balance sheets showing booked amounts, adjustments to record the proposed transaction and pro forma, with supporting fixed capital or plant schedules in conformity with the forms in the annual report, which applicant(s) is required, or will be required, to file with the Commission;

Please see attached Confidential Exhibit E.

(f) EXHIBIT F. A statement of all known contingent liabilities, except minor items such as damage claims and similar items involving relatively small amounts, as of the date of the application;

There are no contingent liabilities associated with the property proposed for sale in this transaction.

(g) EXHIBIT G. Comparative income statements showing recorded results of operations, adjustments to record the proposed transaction and pro forma, in conformity with the form in the annual report which applicant(s) is required, or will be required, to file with the Commission;

Please see attached Confidential Exhibit G.

(h) EXHIBIT H. An analysis of surplus for the period covered by the income statements referred to in Exhibit G;

Please see attached Confidential Exhibit H.

(i) EXHIBIT I. A copy of each contract in respect to the sale, lease or other proposed disposition, merger or consolidation of facilities, acquisition of stock, bonds, or property of another utility, as the case may be, with copies of all other written instruments entered into or proposed to be entered into by the parties to the transaction pertaining thereto;

Please see attached Confidential Exhibit I-1 and Confidential Exhibit I-2.

(j) EXHIBIT J. A copy of each proposed journal entry to be used to record the transaction upon each applicant's books; and

Please see attached Confidential Exhibit J.

(k) EXHIBIT K. A copy of each supporting schedule showing the benefits, if any, which each applicant relies upon to support the facts as required by subsection (1)(l) of this rule and the reasons as required by subsection (1)(m) of this rule.

Not applicable. The building is vacant and not used to support CenturyLink's operations in the area. Therefore, this property is not necessary or useful to CenturyLink in its provision of services to the public. This property does not contain switches, cables, or network assets required for the company to operate its network in Oregon. The proposed sale allows the company to avoid certain recurring expenditures associated with the property and will free up financial resources which can be directed to the provision of services in Oregon.

ATTACHMENT
A

Officers and Directors of
CenturyTel of Oregon, Inc.

OFFICERS: Chief Executive Officer & President.....Glen F. Post, III
Executive Vice President and General CounselStacey W. Goff
President – Global IT Services and New Market Dev.....Girish Varma
President – Wholesale Operations..... William E. Cheek
President – Sales and Marketing..... Dean J. Douglas
Executive Vice President – Controller and
Operations SupportDavid D. Cole
Executive Vice President – Global Operations and
Shared Services.....Maxine Moreau
Senior Vice President – Public Policy and Regulatory...John F. Jones
Vice President and Treasurer.....Glynn E. Williams, Jr.
Vice President and Assistant Secretary..... James L. Butler
Vice President.....Jonathan J. Robinson
Secretary.....Kay C. Buchart
Assistant SecretaryMeagan Messina Woodard
Assistant SecretaryJoan E. Randazzo

DIRECTORS: David D. Cole and Stacey W. Goff