



RON L. TRULLINGER

June 27, 2012

Oregon Public Utility Commission  
Filing Center  
P.O. Box 2148  
Salem, OR 97308-2148

Re: UM-1416 CenturyLink Report of Merger Integration Activities

CenturyLink provides the enclosed report in accordance with Condition 4t in the Commission's Order No. 09-169, in Docket UM 1416 approving the merger between CenturyTel, Inc. and Embarq Corporation. This report provides information related to significant integration activities, merger synergies and merger integration costs that occurred during the period April 1, 2011 through March 31, 2012.

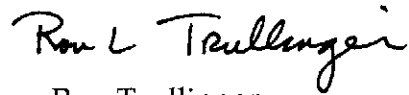
As of December 2011, CenturyLink has achieved its previously announced target of \$375 million in annual synergies on a run-rate basis associated with the CenturyTel/Embarq merger. Further, CenturyLink has completed all substantive integration activities associated with the CenturyTel/Embarq merger and will not incur any further integration costs associated with that transaction. As a result, CenturyLink expects that there will be no new information to report in future integration reports associated with the CenturyTel/Embarq merger.

CenturyLink requests that the report of merger synergies and costs (Attachment 1 to the Report) be treated as confidential under the protective order entered in the docket or in the alternative, under OAR 860-011-0080. Attachment 1 contains competitively sensitive information including trade secret information, that if disclosed would allow CenturyLink's competitors to gain a business advantage over it.

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Please do not hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Ron L. Trullinger". The signature is written in a cursive style with a large, prominent "R" and "L".

Ron Trullinger  
State Regulatory Affairs Director

Enclosures

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**CenturyLink Report of Merger Integration Activities**  
**CenturyTel/Embarq Merger**  
**Docket UM 1416 – Order No. 09-169, Appendix B, Condition 4t**  
**July 2012**

**Introduction**

In compliance with condition 4t in the Commission's Order No. 09-169 in Docket UM 1416 approving the merger between CenturyTel, Inc. and Embarq Corporation, CenturyLink hereby provides a report describing:

1. Substantive activities undertaken relating to integrating CenturyTel operations with Embarq, as well as achieving synergies made available as a result of this transaction.
2. Costs and projected savings of each such respective activity;
3. Organizational and staff force changes in Oregon operations; and,
4. Impacts on Oregon operations and customers.

**Substantive Integration Activities**

**Phase V Billing System Conversion** - In July 2011, CenturyLink successfully completed the final conversion of legacy Embarq customers in eleven states, including Oregon, to the integrated legacy CenturyTel billing and customer care system. CenturyLink also converted the legacy Embarq work force management, provisioning and trouble reporting systems to the legacy CenturyTel systems for these markets. The major systems involved in this conversion include:

- Ensemble – Customer Ordering and Billing System
- MARTENS – Service Provisioning/Circuit Inventory
- TRACS – Trouble Ticketing
- Advantex Work Force Management – Repair Dispatch/Preventative Maintenance

**Costs and Projected Savings of Integration Activities**

Please see Attachment 1 for a schedule of synergies and integration costs realized by CenturyLink as a result of the integration activities associated with the CenturyTel/Embarq merger. The amounts reflect integration savings and costs realized during the period April, 2011 through March 2012.

Amounts provided reflect the estimated impacts for CenturyLink at a total company level and for its Oregon operations. CenturyLink is also providing an estimate of the synergy savings for each key functional area. Synergies and integration costs are not separately tracked for each integration activity or project.

As of December 2011, CenturyLink has achieved its previously announced target of \$375 million in annual synergies on a run-rate basis associated with the CenturyTel/Embarq merger.

In addition, CenturyLink has completed all substantive integration activities associated with the CenturyTel/Embarq merger and will not incur any further integration costs associated with that transaction. As a result, CenturyLink expects that there will be no new information to report in future integration reports associated with the CenturyTel/Embarq merger.

### **Organizational and Staff Force Changes in Oregon Operations**

There were no significant organizational or staff force changes impacting Oregon operations associated with the CenturyTel/Embarq integration during this reporting period. Organizational and staff force changes associated with CenturyLink/Qwest merger which closed in April 2011 were reported in CenturyLink's May 29, 2012 integration report filed in compliance with the settlement conditions agreed to and approved by the Commission in docket UM 1484.

### **Impacts on Oregon Operations and Customers**

The integration activities described above have been virtually seamless to CenturyLink's Oregon customers. In advance of the expected July conversion to the CenturyLink billing system for legacy Embarq customers, CenturyLink provided several notifications to customers concerning the impacts of the conversion on their bills.

**CenturyLink**  
**Estimated Synergies and Merger Costs from CenturyTel/Embarq Merger**  
**For the 12-month period – April 1, 2011 through March 31, 2012**

Functional Area	Total Company	Oregon ILECs <sup>1</sup>
Sales & Marketing		
Finance		
Centralized Ops		
Information Technology		
Customer Service		
Engineering		
Human Resources		
Other		
<b>Total All Functional Areas</b>		

	Total Company	Oregon ILECs <sup>1</sup>
Integration Costs		

<sup>1</sup> Includes CenturyTel of Oregon, Inc., CenturyTel of Eastern Oregon, Inc., and United Telephone Co. of the Northwest (Oregon operations)

*<Note> Approximately \$368 million in synergies have been realized with the CenturyTel / Embarq merger for the 12-month period ended March 31, 2012. The December 2011 synergy run rate is approximately \$375 million, which is the level of synergies projected to be achieved.*