



CenturyLink™

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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 have occurred since our initial compliance filing for this condition, submitted to the Commission on July 1, 2010.

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.

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

Sincerely,

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 2011

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

Date	Integration Activity
July 2010	Wholesale System Conversion for CLEC and ISP Services Customers – CenturyLink converted the ordering for all CLEC and ISP Local Service Requests (LSRs) in the legacy CenturyTel areas to the EASE System. EASE is a state-of-the-art ordering system that was previously used by wholesale customers for the legacy Embarq wholesale operations.
October 2010	Phase III Billing System Conversion - In October 2010, CenturyLink completed a successful conversion of legacy Embarq customers in Nevada, Tennessee, New Jersey and Virginia to the integrated legacy CenturyTel billing and customer care system. At the same time, CenturyLink 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: <ul style="list-style-type: none"> • Ensemble – Customer Ordering and Billing System • MARTENS – Service Provisioning/Circuit Inventory • TRACS – Trouble Ticketing • Advantex Work Force Management – Repair Dispatch/Preventative Maintenance
December 2010	Migration of Embarq Long Distance Traffic – In December 2010, CenturyLink completed the migration of Embarq long-distance traffic to the CenturyLink network.

Date	Integration Activity
March 2011	<p>Phase IV Billing System Conversion - In March 2011, CenturyLink completed a successful conversion of legacy Embarq customers in Florida to the integrated legacy CenturyTel billing and customer care system. At the same time, CenturyLink converted the legacy Embarq work force management, provisioning and trouble reporting systems to the legacy CenturyTel systems for this market. The major systems involved in this conversion include:</p> <ul style="list-style-type: none"> • Ensemble – Customer Ordering and Billing System • MARTENS – Service Provisioning/Circuit Inventory • TRACS – Trouble Ticketing • Advantex Work Force Management – Repair Dispatch/Preventative Maintenance
April 2011	<p>Qwest Merger - In April 2011, CenturyLink completed its merger with Qwest. Integration activities associated with the CenturyLink/Qwest transaction will be reported separately in compliance with the settlement conditions agreed to and approved by the Commission in docket UM 1484.</p>
July 2011	<p>Phase V Billing System Conversion - In July 2011, CenturyLink will complete the final conversion of legacy Embarq customers in eleven states, including Oregon, to the integrated legacy CenturyTel billing and customer care system. At the same time, CenturyLink will convert the legacy Embarq work force management, provisioning and trouble reporting systems to the legacy CenturyTel systems for these markets. These systems are currently in place and functioning for the legacy CenturyTel operations in the state of Oregon. The major systems involved in this conversion include:</p> <ul style="list-style-type: none"> • 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, 2010 through March 2011.

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.

Organizational and Staff Force Changes in Oregon Operations

There were no significant organizational or staff force changes impacting Oregon operations during the period from July 2010 to March 2011. Organizational and staff force changes associated with CenturyLink/Qwest merger which occurred in April 2011 will be reported separately 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 has 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, 2010 through March 31, 2011

Synergies by Functional Area	Total Company	Oregon ILECs ¹
Sales & Marketing		
Finance		
Centralized Ops		
Information Technology		
Customer Service		
Engineering		
Human Resources		
Other		
Total Synergies All Functional Areas		

Merger and Integration Costs	Total Company	Oregon ILECs ¹
Merger and Integration Costs April 1, 2010 through March 31, 2011		

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