

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH**

In the Matter of the Application of

EMBARQ CORP.

**for Authorization of a Transfer of Control of
EMBARQ CORP. and its Subsidiaries to
CENTURYTEL, INC.**

Docket No. _____

PETITION FOR AUTHORIZATION FOR TRANSFER OF CONTROL

Embarq Corporation (“Embarq”), pursuant to Utah Code § 54-4-28, § 54-4-29, and § 54-4-30, respectfully requests Public Service Commission (the “Commission”) approval of the transfer of control of Embarq and, indirectly, its Utah operating subsidiaries, including Embarq Communications, Inc., to CenturyTel, Inc. (“CenturyTel”) (the “Transaction”).¹ In the State of Utah, Embarq provides interexchange services (“IXC”) through Embarq Communications, Inc. and payphone service through EPSI. CenturyTel does not provide any services in the State of Utah.

Embarq also requests any other relief as may be necessary or appropriate to consummate the Transaction, including changing the name of the new entity if it becomes necessary.² Embarq respectfully requests that the Commission approve this Petition in an expedited timeframe to allow Embarq to timely consummate the Transaction early in the second quarter of 2009.

¹ Embarq Payphone Services, Inc. (“EPSI”), a wholly-owned subsidiary of Embarq and a provider of payphone services in Utah, also will be indirectly transferred from Embarq to CenturyTel as part of the merger described herein. Although EPSI operates as a payphone service provider in Utah, it is our understanding that the transfer of control of EPSI does not require Commission approval. Accordingly, this Application does not include EPSI as a petitioning party seeking relief, although to the extent that approval may be deemed necessary by the Commission, the Applicants would respectfully request that the Commission also approve the transfer with respect to EPSI.

² The names of these entities may change at some future date as a result of the Transaction. At that time, any state-required registrations, filings or notifications will be provided.

I. INTRODUCTION

1. Embarq, CenturyTel, and Cajun Acquisition Company (“CAC”) entered into an Agreement and Plan of Merger (the “Merger Agreement”) as of October 26, 2008.³ Embarq is a publicly traded holding company with incumbent local exchange operations in 18 states. CenturyTel is a publicly traded holding company with its own incumbent local exchange operating company subsidiaries in 25 states. CAC is a direct wholly-owned subsidiary of CenturyTel created to effectuate this Transaction. Under the terms of the Transaction, Embarq and CAC will merge with Embarq being the surviving corporation.⁴ The Transaction will be accomplished through a stock-for-stock transaction in which current Embarq shareholders will receive 1.37 shares of CenturyTel stock for each share of Embarq stock they currently hold.

2. CenturyTel expects to refinance Embarq’s bank debt at closing and has commitments in place, but no incremental debt is contemplated in connection with this Transaction.

3. As a result of the Transaction, Embarq will become a direct wholly-owned subsidiary of CenturyTel. The terms of the Merger Agreement provide that Embarq’s subsidiaries that operate in Utah will remain subsidiaries of Embarq which, in turn, will make CenturyTel their respective ultimate parent. Therefore, indirect control of Embarq’s subsidiaries will effectively transfer to CenturyTel, Inc. The certificated entities, Embarq Communications, Inc. and EPSI, will continue to exist in their current form after the merger is completed and will not change. The pre- and post-Transaction corporate structure is illustrated in Exhibit A.

³ The Merger Agreement is a public document and can be viewed in its entirety at: <http://cchn.10kwizard.com/cgi/convert/pdf/CENTURYTELINC8K.pdf?pdf=1&repo=tenk&ipage=5947105&num=-2&pdf=1&xml=1&cik=18926&odef=8&rid=12&quest=1&xbrl=0&dn=2&dn=3>

⁴ Embarq will be the surviving corporation but will adopt the By-Laws and Certificate of Incorporation of CAC.

4. In connection with this Transaction, Embarq respectfully requests that the Commission approve the parent-level transfer of control of Embarq Communications, Inc. and EPSI to CenturyTel, and any other changes as necessary for the Transaction.

5. As explained in detail below, the Transaction is in the public interest and is in full compliance with applicable law. The Transaction contemplates a parent-level transfer of control. Embarq Communications, Inc. and EPSI will continue as the certificated carriers in Utah and will continue to have the requisite managerial, technical and financial capability to provide services to their customers. Upon completion of the Transaction, end-user customers will continue to receive service from the same reseller of toll services (or interexchange carrier) at the same rates, terms and conditions as immediately prior to the Transaction; as such, the Transaction will be transparent to customers. Any subsequent service or price changes will be made in accordance with all applicable rules and laws.⁵

6. Moreover, the Transaction combines two leading communications companies with customer-focused, industry-leading capabilities. It will provide the combined entity with greater financial and operational resources to capitalize on marketplace opportunities, diversify revenues, and expand networks, expertise and financial resources to build long-term value for customers and shareholders.

⁵ In view of the current rapidly changing communications market, any provider, including post-Transaction CenturyTel, must constantly review its pricing strategy and product mix to respond appropriately to marketplace demands. While rates, terms and conditions will be the same immediately after the Transaction as immediately before the Transaction, prices and product mixes necessarily will change over time as marketplace, technology, and business demands dictate. The affected entities will make such changes only following full compliance with all applicable rules and laws.

II. THE PARTIES

7. Embarq is a publicly traded Delaware corporation headquartered at 5454 West 110th Street, Overland Park, Kansas, 66211. Embarq has incumbent local exchange carrier operations in 18 states and is in the Fortune 500's list of America's largest corporations. As of December 31, 2007, Embarq ILEC operations served approximately 6.5 million local access lines in those 18 states.

8. Embarq Communications, Inc. is a first tier wholly-owned subsidiary of Embarq. Embarq Communications, Inc. is authorized by this Commission as a reseller of telephone service in Utah,⁶ and has fewer than 40 customers in the state. As a result of this Transaction, the ultimate parent company of Embarq Communications, Inc. will change from Embarq to CenturyTel. However, the Transaction will not result in any transfer of certificates, assets, or facilities in Utah.⁷

9. EPSI is a wholly-owned subsidiary of Embarq. EPSI is a Florida corporation with its principal place of business at 5454 W. 110th Street, Overland Park, Kansas 66211. EPSI provides payphone services in Utah, and operates fewer than 10 payphones in the Utah. As a result of this Transaction, the ultimate parent company of EPSI will change from Embarq to CenturyTel. However, the Transaction will not result in any transfer of certificates, assets, or facilities in Utah.⁸

10. CenturyTel, Inc. is a Louisiana corporation, headquartered at 100 CenturyTel Drive, Monroe, Louisiana 71211-4065. Included in the S&P 500 Index, CenturyTel, Inc. is a

⁶ Embarq Communication Inc.'s notice of intent to operate as reseller in Utah was filed with the Commission on April 13, 2006.

⁷ As described in footnote 2, the name may change at some future date as a result of the Transaction. At that time, any state-required registrations, filings or notifications will be provided.

⁸ As described in footnote 2, the name may change at some future date as a result of the Transaction. At that time, any state-required registrations, filings or notifications will be provided.

leading provider of communications, high-speed Internet and entertainment services in small-to-mid-size cities through its broadband and fiber transport networks. As of December 31, 2007, CenturyTel, Inc.'s ILEC operations served approximately 2.1 million local access lines in 25 states.

11. Cajun Acquisition Company, a Delaware corporation, is a newly formed wholly-owned subsidiary of CenturyTel, Inc. Under the Merger Agreement, Embarq and CAC will merge, with Embarq being the surviving corporation as a first tier subsidiary of CenturyTel.⁹ The Embarq operating subsidiaries in Utah will be wholly-owned subsidiaries of Embarq and indirect subsidiaries of CenturyTel.

12. Correspondence regarding this application should be directed to the following individuals:

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⁹ As described in footnote 4, Embarq will be the surviving corporation but will adopt the By-Laws and Certification of Incorporation of CAC.

III. STANDARD OF REVIEW

13. Utah Code Utah Code § 54-4-28 prohibits a “public utility” from combining, merging or consolidating with another public utility engaged in the same general line of business in the state without prior approval of the Utah PSC. Utah Code § 54-4-29 prohibits the purchase or acquisition of the voting securities of a public utility engaged in the same line of business, and is not limited to a public utility in the state. Utah Code § 54-4-30 prohibits the purchase or other acquisition of the plants, facilities, equipment or properties of a public utility engaged in the same general line of business in the state without prior approval. Under all three sections, the Commission will only approve the proposed action after investigation and hearing. The Commission must then determine whether the transaction “provides a net positive benefit to the public.” Report Order, Docket No. 99-04-41, *In Re Qwest Communications Corp.*, 202 P.U.R.4th 390 (Utah PSC issued June 9, 2000).

14. The transfer of parent-level control of Embarq Communications, Inc. and EPSI satisfies all applicable criteria. As indirect subsidiaries of CenturyTel post-transaction, Embarq Communications, Inc. and EPSI will maintain the capability to provide high quality telecommunications services and to introduce advanced services. The transfer is in the public interest for the reasons set forth herein.

IV. THE PROPOSED TRANSACTION IS IN THE PUBLIC INTEREST

15. The Commission should approve the Transaction because it is in the public interest. Upon completion of the merger, the Commission will retain the same regulatory authority over Embarq Communications, Inc. and EPSI that the Commission possesses immediately prior to consummation of the Transaction.

16. Embarq Communications, Inc. will continue to offer long distance service and EPSI will continue to offer payphone service, subject to the same rules, regulations and applicable tariffs. Future end-user rate changes will continue to be governed by the same rules and procedures as today, again, as modified by future Commission or legislative decisions.

CONCLUSION

WHEREFORE, Embarq respectfully requests that, pursuant to Utah Code § 54-4-28, § 54-4-29, and § 54-4-30 , and any other applicable statutes, the Commission approve the transfer of control of Embarq and, indirectly, its Utah operating subsidiaries, including Embarq Communications, Inc., to CenturyTel, and grant such other relief as may be necessary, reasonable and consistent with the foregoing and request for expedited approval.

Respectfully submitted,



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CERTIFICATE OF MAILING:

I hereby certify that on the 22nd day of December, 2008, I mailed an original and 5 copies of Embarq's PETITION FOR AUTHORIZATION FOR TRANSFER OF CONTROL to the following via United States Mail and an electronic copy:

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Rebecca Janzen