

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

Joint Application of Qwest Communications International, Inc. and CenturyTel, Inc. for Approval of Indirect Transfer of Control of Qwest Corporation, Qwest Communications Company, LLC, and Qwest LD Corporation

DOCKET NO. 10-049-16

**SETTLEMENT STIPULATION AND AGREEMENT OF THE JOINT APPLICANTS AND THE UTAH OFFICE OF CONSUMER SERVICES**

Applicants Qwest Communications International, Inc. and CenturyLink, Inc., formerly CenturyTel, Inc., and their subsidiaries (“the Joint Applicants” or, collectively, post-merger, “the Company”) and the Utah Office of Consumer Services (“the OCS”) (collectively, the parties to this agreement will be identified as “Parties”) hereby stipulate and agree as follows:

The Joint Applicants request the approval of the indirect transfer of control of Qwest Communications International, Inc.’s operating subsidiaries, Qwest Corporation (“Qwest Corp”), Qwest LD Corporation (“QLDC”) and Qwest Communications Company LLC (“QCC”) (collectively “Qwest”) to CenturyLink. The Joint Applicants contend that this transaction meets the requirements of Utah Code Ann. §§ 54-4-28, 54-4-29 and 54-4-30 and will result in a combined company with greater network and financial resources to provide voice, broadband data, and other advanced communications services to its customers.

The OCS is created by Utah Code Ann. § 54-10a-201 with the duty to assess the impact upon residential consumers and small commercial consumers of utility rate changes and other regulatory actions related to applicable public utilities, such as the Joint Applicants and their request for approval of the transaction described in the Application.

The Parties have each filed testimony pertaining to the Application and its impact upon residential and small commercial consumers. In an effort to resolve the differences and disputes between the Parties, they have engaged in discussions and conducted additional analysis of the

transaction, as a consequence of which the Parties agree that this Stipulation represents a resolution among them of the matters in this proceeding included within this Stipulation. As such, all discussions, statements and evidence leading to this Stipulation, but not the Stipulation itself, are classified as protected under the Utah Government Records Access and Management Act (“GRAMA”) and inadmissible under Utah Rule of Evidence 408.

**I. PURPOSE**

This agreement has been prepared and executed for the purpose of resolving issues between the Joint Applicants and the OCS in this docket. Based on the commitments contained in this agreement, the OCS finds that with respect to the Office’s constituents, the merger transaction at issue in this docket is in the public interest as contemplated by Utah law. As to the matters in this proceeding included within the Stipulation, the OCS supports approval of this transaction before the Utah Public Service Commission without additional conditions.

**II. FILING**

Upon execution of this agreement, this agreement will be filed with the Utah Public Service Commission (“Commission”).

**III. THE JOINT APPLICANTS’ COMMITMENTS**

The Joint Applicants agree and commit as follows:

**A. Retail Service Quality**

The Company agrees not to seek a waiver from the requirements of R. 746-340, sections 8 and 9, for two years following the date of the close of the merger.

**B. Residential Service Pricing**

1. The Company agrees to not increase the residential measured service rate during 2011.

2. If the Company increases basic residential service rates during 2011, then at the time of the increase the Company agrees to provide an additional off-setting credit until the end of 2011 to Lifeline customers that would negate the amount of any such increase such that Lifeline customers would not experience a basic service rate increase.
3. If the Company increases basic residential service rates during 2011, the Company will provide at least 30 days advanced notice to the OCS, prior to the issuing of customer notices.
4. The Company will provide to its customer service representatives (CSRs) handling calls from Utah customers with special scripting that will address situations where Utah customers call about any basic residential service rate increases. Such scripting will provide instructions advising the customer that if the customer is not satisfied with other Company offerings that are suitable for the customer, such as bundles or packages, and if the customer informs the Company that the offerings do not meet the customer's needs or that he or she wants to disconnect his/her basic residential service, the CSR will inform the customer about measured service options.

#### **IV. RESERVATIONS**

The Parties have entered into this Stipulation and Agreement with the express intent and purpose of settling and resolving the issues identified in this proceeding in a manner that is consistent with the public interest. By executing this Stipulation and Agreement, the Parties agree to represent to the Commission that they recommend acceptance of this Stipulation and

Agreement without reservation, except that the Parties agree to reserve those rights and privileges set forth below.

**A. No Precedent**

The Parties agree that no precedent be established by the resolution of the contested matters made in this Stipulation and Agreement. The resolutions reached herein are for settlement purposes only and do not necessarily represent the positions the Parties would take if they continued to litigate this proceeding. The Parties specifically reserve the right to take positions contrary to the resolutions agreed to herein in any future proceeding before the Commission or any other judicial or administrative body and to argue for entirely different results in any future proceeding before the Commission or any other administrative or judicial body.

**B. No Admission**

Unless this Stipulation and Agreement is approved by the Commission, this Stipulation and Agreement, and any statements made in furtherance thereof, shall not be admissible in evidence or in any way described or discussed in any other Utah administrative or judicial proceeding, except as required by the Commission in this proceeding regarding settlements.

**C. No Waiver of Rights**

Except as to matters expressly set forth herein, no Party shall be deemed to have waived, compromised or limited any rights, remedies, or obligations arising out of, or relating to, matters previously determined by, or now pending before, the Commission or any other administrative or judicial entity as a result of this Stipulation and Agreement. By executing this Stipulation and Agreement, the Parties have not waived, compromised or limited any rights, duties, remedies, or jurisdictional objections available to them under Utah, except as set forth herein.

**D. Commission Rejection, Modification and the Parties' Right to Void**

**1. Right to Void**

If the Commission rejects any material portion of this Stipulation and Agreement, including this portion, the Stipulation and Agreement will immediately become voidable by any Party. In order to exercise the right of voiding the Stipulation and Agreement, a Party must file written notice of its intent to void within ten (10) days after the Commission issues a final order rejecting or altering any portion of the Stipulation and Agreement.

**2. Party Acceptance of Commission Modification**

If the Commission issues a final order altering any portion of this Stipulation and Agreement and no Party exercises its right to void the Stipulation and Agreement within ten days of the final order, then the Stipulation and Agreement, as modified by the Commission, becomes binding on all Parties. If the Commission approves this Stipulation and Agreement as filed or if the Commission modifies this Stipulation and Agreement and all Parties agree to the modification, the Parties waive their right to appeal the Commission's decision only as to matters contained in this Stipulation and Agreement.

**E. Effect of Commission Rejection or Party Voiding Stipulation and Agreement**

If the Commission rejects this Stipulation and Agreement or if the Commission modifies this Stipulation and Agreement and any Party exercises its right to void the Stipulation and Agreement within ten days of a final order, the Parties retain all of their rights in any related proceedings before the Commission. These rights include the right to file any relevant motions, briefs, or related documents with the Commission; participate in oral argument, or seek rehearing, reconsideration, clarification or alteration of the Commission's Order in this proceeding; appeal that Order, or take whatever action deemed necessary as if there had been no Stipulation and Agreement.

V. **MISCELLANEOUS**

A. **Applicability and Scope**

This Stipulation and Agreement, together with all its provisions, is binding on the OCS, the Joint Applicants and their subsidiaries and affiliates engaged in the provision of telecommunications services in Utah, and each will support this Stipulation and Agreement before all regulatory agencies with jurisdiction, and before all state and federal courts.

B. **Future Mergers**

Should the Company merge with, be acquired by, or otherwise combine or consolidate with another entity during the period when any provision of this Stipulation and Agreement is effective, the terms of this Stipulation and Agreement shall apply to and be binding on that entity and any subsidiary or affiliate of that entity engaged in the provision of telecommunications services in Utah.

C. **Complete Resolution of the Issues**

This Stipulation and Agreement resolves, between the Parties, all issues related to the Commission's approval of the merger in Docket No. 10-049-16, pertaining to residential and small commercial consumers.

D. **Entire Agreement**

The Parties acknowledge that this Stipulation and Agreement is the product of negotiations and compromise and that the Parties drafted it jointly. This Stipulation and Agreement constitutes the Parties' entire agreement on all matters set forth herein, and it supersedes any and all prior oral and written understanding or agreements on such matters.

E. **Effective Date**

The "Joint Applicants' Commitments" as stated in Part III shall become effective on the date the transaction closes, and will be effective only if the transaction closes.

**F. Commission Approval**

The provisions of this Stipulation and Agreement are subject to Commission approval. The Parties agree that the proposed merger, as modified by the foregoing conditions, is consistent with the public interest as to the OCS' constituents. The OCS has no additional conditions it will assert in connection with this docket.

**G. Execution**

This Stipulation and Agreement may be executed in separate, identical counterparts. Copies sent by facsimile are as effective as original documents.

DATED this 13th day of October 2010

**Qwest Communications International, Inc.  
Qwest Corporation  
Qwest LD Corporation  
Qwest Communications Company, LLC**

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By:

**CenturyLink, Inc.**

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By:

**Office of Consumer Services**

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By: