Parties recommend approval of CenturyTel-Embarq merger with provisions to protect consumers

Local News

Posted by: David Haviland

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SEATTLE - Today, the Public Counsel Section of the Washington State Attorney General's Office joined a multi-party settlement agreement in the proposed merger of CenturyTel and Embarq. The settlement recommends that the state Utilities and Transportation Commission approve the merger subject to a set of conditions to protect consumers served by the phone companies. "The proposed settlement includes conditions sought by Public Counsel and UTC staff that help address our concerns about how this merger may negatively impact CenturyTel and Embarq customers," Assistant Attorney General Sarah Shifley said.Public Counsel represents residential and small-business customers before the UTC, which is considering the merger request. UTC's staff recommendation is not binding on the commission.

The conditions imposed by the settlement include:Measures to ensure the financial viability of the combined company, including limitations on dividend payments and borrowing against company assets.Reporting to the UTC in advance of conversions of the companies' major operating systems in order to allow effective regulatory oversight at the time of the change.Extension of Embarq's Service Quality Guarantee program to customers of both companies for one year after the transaction.Commitment to extend DSL to 2,200 additional residential customers in Washington over the next three years.Notification to all customers of any company name change or changes in billing systems.A one-year minimum ban on requesting increases to residential stand-alone local telephone service rates.An agreement that shareholders will pay the costs associated with the merger. The UTC will consider the settlement at a hearing in Olympia that will be scheduled soon. The UTC may accept the settlement as filed, impose additional conditions, or reject the settlement. Commissioners are expected to issue their decision approximately six weeks after the hearing. Last October, CenturyTel agreed to acquire Embarq in an all-stock deal for about $5.8 billion, excluding debt. Including debt, the deal is reportedly worth about $11.6 billion. The proposed merger would give CenturyTel and Embarq an operating presence in 33 states. CenturyTel, based in Monroe, Louisiana and provides local telephone service in Washington through four subsidiaries, serving approximately 150,000 customers in small and mid-sized cities. Embarq, headquartered in Overland Park, Kansas, provides local telephone service to approximately 73,000 customers in Washington. For a list of service locations, see www.centurytelembarqmerger.com/stateByState.cfm.

PUBLIC COMMENT:

Members of the public can comment on the proposed merger and settlement agreement. Comments can be made online at http://utc.wa.gov/comment, by e-mail at comments@utc.wa.gov, or by writing to UTC, P.O. Box 47250, Olympia, WA, 98504. Include your name, mailing address and docket no. UT-082119.

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The Public Counsel Section advocates for the interests of consumers on major rate cases, mergers and other rulemakings before the UTC. Public Counsel also advocates for consumers in court appeals, through technical study groups and before the Legislature and other policy makers. The office maintains contact with the public through a citizen advisory committee, community organizations, public hearings and personal contact with consumers in major cases. More

information about Public Counsel's work is available online at www.atg.wa.gov/utilities.aspx.