

Exhibit __HC (BAE-2HC)
Docket UT-082119
Witness: Betty A. Erdahl

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION**

In the Matter of the Joint Application of

**EMBARQ CORPORATION AND
CENTURYTEL, INC.**

**For Approval of Transfer of Control of
United Telephone Company of the
Northwest d/b/a Embarq and Embarq
Communications, Inc.**

DOCKET UT-082119

EXHIBIT TO TESTIMONY OF

Betty A. Erdahl

**STAFF OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

*Embarq and CenturyTel's Response to
Public Counsel Data Request No. 48*

March 4, 2009

**HIGHLY CONFIDENTIAL PER PROTECTIVE ORDER
REDACTED VERSION**

Docket No. UT-082119

Response to Public Counsel Data Request No. 48

Date 1/23/2009

Preparer: Clay Bailey

PC-48

Paragraph 17 of the Application states that “[t]he Transaction will result in a combined enterprise that can achieve greater economies of scale and scope than the two companies operating independently.” Please explain the source(s) of these greater economies of scale and scope, what this conclusion was based on, and how it was reached.

RESPONSE:

Economies of scale and scope are associated with the annual synergy savings the combined company expects to realize. These synergy savings have been estimated at \$400 million annually after conversions are completed and synergies are completely realized. The financial changes associated with the proposed transaction are primarily limited to operating cost savings, increased purchasing power, increased penetration of existing products and introduction of new products. Of the \$400 million annual synergy savings, \$300 million are annual expense synergies and \$30 million are capital expense synergies. The estimated synergy savings were calculated on a total company level and not for Washington specifically. Also, please see **HIGHLY CONFIDENTIAL** Attachment PC-48.

ATTACHMENT PC-48
IS HIGHLY CONFIDENTIAL AND
REDACTED IN ITS ENTIRETY