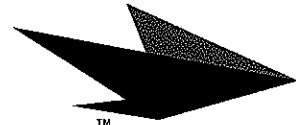


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May 22, 2009

Dennis J. Moss
Administrative law judge
Washington Utilities & Transportation
Commission
1300 S. Evergreen Park Drive, SW
PO Box 47250
Olympia, WA 98503-7150

RE: Docket No. UT-082119; Response of Joint Applicants to Staff and Public
Counsel's Response to Bench Request No. 3.

Dear Judge Moss:

Pursuant to Notice of Bench Request issued May 19, 2009, CenturyTel, Inc. and Embarq Corporation ("Joint Applicants") submit this response to the joint response of Staff and Public Counsel to Bench Request No. 3. In their response to Bench Request No. 3, the Staff and Public Counsel identified report information that they would need "to determine when it might be appropriate to initiate a complaint to set rates or establish appropriate earnings levels pursuant to RCW 80.04.110."

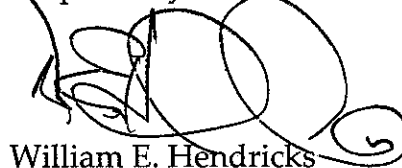
Joint Applicants assert that the synergy information identified by Staff and Public Counsel in their response to Bench Request No. 3 would have very limited value in the setting of rates or establishing earnings levels pursuant to RCW 80.03.110. Any setting of rates or establishment of earnings levels under RCW 80.03.110 would be driven primarily by the costs and revenues of the operating ILEC subsidiaries of the merged company. The Commission, Staff and the Public Counsel already have the necessary tools to monitor those costs and revenues. The ILEC subsidiaries submit quarterly reports to the Commission containing actual costs and revenues. Unlike the costs contained in these existing quarterly reports, the synergy information identified by Staff and Public Counsel does not constitute actual costs, but rather represents theoretical costs that were not incurred.

At best, synergy tracking at the total company level could have value for the limited purpose of determining the timing of any earnings review. Joint Applicants did anticipate tracking synergies at the total company level in a manner that could be used to evaluate progress toward achievement of full estimated synergies. Therefore, submitting synergy tracking at the total company level for this purpose would not be impractical.

However, Staff and Public Counsel in their joint response also propose requiring the reporting of synergies allocated on a "Washington intrastate regulated jurisdictional level." This is unrealistic and impractical. Joint Applicants did not estimate synergies at the state or jurisdictional level nor did they anticipate tracking them at that level. There are no processes in place to do so. There are factors and rules in place for the jurisdictional allocation of actual incurred costs. However, there are no such factors or rules that guide an allocation of theoretical costs that are not incurred. Any attempt to allocate synergies to the Washington intrastate regulated jurisdictional level would be largely arbitrary and would serve no purpose in determining the timing or substance of any earnings review.

Finally, Joint Applicants question the suggestion that there be a report dated August 15, 2009, for the reporting period January 1 thru June 30, 2009. The transaction would at most have been closed for only a few weeks during that period and, therefore, a report covering this time period would have little or no value. Furthermore, to the extent reporting is required, the companies should be allowed at least 120 days after the close of the reporting period to file any required reports, consistent with the timeframe allowed for filing the annual financial reports to the Commission.

Respectfully submitted,



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WSBA No. 29786

OR State Bar application pending

c. service list