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BOARD OF PUBLIC UTILITIES
NEWARK, N.J.

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January 29, 2009

Via Hand Delivery

Hon. Kristi Izzo, Secretary
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

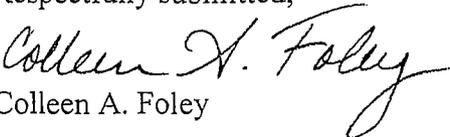
Re: Notification of CenturyTel, Inc. and United Telephone Company of New Jersey,
Inc. d/b/a Embarq of an Indirect Transfer of Control
BPU Docket No. TM08111017

Dear Secretary Izzo:

On behalf of CenturyTel, Inc. ("CenturyTel") and United Telephone Company of New Jersey, Inc. d/b/a Embarq ("United NJ"), enclosed for filing please find an original and five (5) copies of an executed Stipulation and Agreement in the above-referenced matter.

Please feel free to contact me if you should have any questions regarding this matter.
Thank you for your assistance.

Respectfully submitted,


Colleen A. Foley

Enclosures

cc: Victor Fortkiewicz
Anthony Centrella
James Murphy
Stefanie A. Brand, Esq.
Christopher White, Esq.
Elise Goldblat, SDAG
Ken Sheehan, DAG

One Riverfront Plaza ♦ Newark, NJ 07102 ♦ Phone: (973) 286-6700 ♦ Fax: (973) 286-6800
Stephen B. Genzer - Newark Managing Partner

DELAWARE MARYLAND NEW JERSEY NEW YORK PENNSYLVANIA WASHINGTON, DC

A DELAWARE LIMITED LIABILITY PARTNERSHIP

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

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In the Matter of the Notification of : BPU Docket No. TM08111017
CenturyTel, Inc. and United Telephone :
Company of New Jersey, Inc. d/b/a Embarq :
of an Indirect Transfer of Control :
:

STIPULATION AND AGREEMENT

Pursuant to *N.J.A.C.* 1:1-19.1(a), the Parties hereby agree as follows:

WHEREAS, United Telephone Company of New Jersey, Inc. d/b/a Embarq (“United NJ”) and CenturyTel, Inc. (“CenturyTel”) filed a Notification Letter with the New Jersey Board of Public Utilities (the “Board”) on November 26, 2008 (BPU Docket No. TM08111017) advising the Board of a transaction which will cause an indirect transfer of control of United NJ (the “Transaction”); and

WHEREAS, United NJ is an incumbent local exchange carrier (“ILEC”) authorized to provide service in New Jersey and is a first tier, wholly owned subsidiary of Embarq Corporation (“Embarq”); and

WHEREAS, CenturyTel is a Louisiana corporation with ILEC operations in 25 states;
and

WHEREAS, CenturyTel does not provide service in New Jersey either directly or indirectly through an affiliate; and

WHEREAS, United NJ and CenturyTel provided to the Board a description of the Transaction pursuant to which CenturyTel will acquire control of Embarq and so become the indirect corporate parent of United NJ; and

WHEREAS, United NJ and CenturyTel have stated their joint position that, based on the unique facts of the Transaction, the Transaction does not require review and approval by the Board pursuant to N.J.S.A. 48:2-51.1(b); and

WHEREAS, the Department of the Public Advocate, Division of Rate Counsel (“Rate Counsel”) filed comments with the Board on December 16th, 2008, stating its position that the transaction does require approval of the Board pursuant to N.J.S.A. 48:2-51.1, *et seq.*, because Embarq through its affiliates, provides telecommunications service in New Jersey, and requesting that the Board make a declaratory ruling regarding the applicability of N.J.S.A. 48:2-51.1 et. seq. to the Transaction and also to treat the Transaction as a contested matter; and

WHEREAS, United NJ, CenturyTel and Rate Counsel each acknowledge the respective positions taken by the other entities regarding the applicability of N.J.S.A. 48:2-51.1 et. seq. to the Transaction; and

WHEREAS, United NJ, CenturyTel and Rate Counsel have entered into discussions and provided information with the goal of resolving matters raised in BPU Docket No. TM08111017; and

NOW, THEREFORE, United NJ, CenturyTel and Rate Counsel (together, the “Signatory Parties”) hereby agree as follows:

1. United NJ and CenturyTel agree that the commitments made by United NJ in I/M/O of the Board Investigation Regarding the Reclassification of Incumbent Local Exchange Carrier (ILEC) Services as Competitive and I/M/O the Application of United

Telephone Company of New Jersey, Inc. d/b/a Embarq for Approval of a Plan for Alternative Regulation, Order, (BPU Docket Nos. TX07110873 and TO08060451 dated August 20, 2008) will continue in effect and will be unchanged as a result of the Transaction.

2. United NJ and CenturyTel agree that any applicable unexpired commitments made by United NJ in I/M/O United Telephone Company of New Jersey, Inc. d/b/a Sprint and LTD Holding Company for Approval Pursuant to N.J.S.A. 48:2-51.1 and N.J.S.A. 48:3-10 of a Change in Ownership and Control, Order, BPU Docket No. TM05080739, dated March 9, 2006, will continue in effect and will be unchanged as a result of the Transaction.

3. United NJ and CenturyTel agree that after completion of the Transaction, any changes by United NJ in the products and services it provides will be made in full compliance with all applicable agreements, orders, rules and laws.

4. The Signatory Parties acknowledge their respective positions regarding the applicability of N.J.S.A. 48:2-51.1 et. seq. to the Transaction, and further acknowledge that they have not come to an agreement regarding this issue. Therefore, the Signatory Parties agree to reserve their respective rights to challenge or assert the applicability of N.J.S.A. 48:2-51.1 et. seq. to future proposed transactions. The Signatory Parties also agree that the issue of the applicability of N.J.S.A. 48:2-51.1 et. seq. to the Transaction will not be addressed or resolved in this matter, and that the approval of this Stipulation by the Board obviates the need to address or resolve the applicability of N.J.S.A. 48:2-51.1 et. seq. in this matter.

5. United NJ and CenturyTel have provided information and data on the anticipated impacts of the Transaction on United NJ and on competition, rates, employees, and service in New Jersey. United NJ and CenturyTel assert that the proposed Transaction has

positive benefits. In addition, it is anticipated that the proposed Transaction will not have adverse effects on competition, rates, employees or service in New Jersey.

6. The Signatory Parties have also discussed the benefits United NJ and CenturyTel anticipate will flow to New Jersey as a result of the Transaction, including that the combined entity can achieve greater economic scale and scope than the two companies operating independently, and that merging the only two mid-sized, investment grade local wireline providers will allow United NJ to have the financial stability and access to capital necessary to continue to provide reliable services at affordable rates in the increasingly competitive telecommunications marketplace.

7. Based on the foregoing and in the interest of settlement, the Signatory Parties agree that the Transaction has positive benefits and recommend that the Board approve this Stipulation and Agreement and allow the Transaction to go forward.

8. This Stipulation and Agreement shall be governed by the substantive law of New Jersey without regard to choice of law rules.

9. If any provisions of this Stipulation and Agreement are held to be invalid or unenforceable by a court of competent jurisdiction, the other provisions of this Stipulation and Agreement shall remain in full force and effect.

10. The entire Stipulation and Agreement has been reviewed by and is acceptable to the Signatory Parties and their counsel as to form, content and meaning. The Stipulation and Agreement was drafted jointly by the Signatory Parties; it was not drafted by any one Party and shall not be construed against any Party based on its preparation.

11. In the event of default or breach of any term and/or condition of this Stipulation and Agreement, the injured Party shall be entitled to file or use this Stipulation and Agreement

for any purpose whatsoever, including, but not limited to, enforcing the terms and conditions thereof.

12. This Stipulation and Agreement may be executed in multiple counterparts, each of which shall be an original and all of which shall constitute one agreement.

13. Any notice to be given pursuant to this Stipulation and Agreement shall be in writing and shall be given or made by confirmed facsimile or by certified, registered or overnight mail addressed as follows or to any other address upon thirty (30) days' advance written notice to the other Signatory Parties:

To: United Telephone Company of New Jersey, Inc. d/b/a Embarq
240 N. 3rd Street, Suite 201
Harrisburg, PA 17101
Attn: David Bonsick
Jeanne W. Stockman

To: CenturyTel, Inc.
100 CenturyTel Drive
P.O. Box 4065
Monroe, LA 71211-4065
Attn: John Jones

To: Rate Counsel
31 Clinton Street, 11th Floor
Newark, NJ 07101
Attn: Christopher J. White

14. This Stipulation and Agreement may not be amended or any part of its provisions waived, except by a writing executed by all of the Signatory Parties. This Stipulation and Agreement is the valid, legal and binding obligation of the Signatory Parties, enforceable against them in accordance with its terms.

15. The Signatory Parties hereby agree to be bound by this Stipulation and Agreement, and they acknowledge that they are authorized on behalf of their respective clients to

execute this Stipulation and Agreement and to bind their respective clients by their signatures below.

In witness whereof, and with the advice of counsel and intending to be legally bound, the Signatory Parties have executed this Stipulation and Agreement.

UNITED TELEPHONE COMPANY
OF NEW JERSEY, INC. d/b/a EMBARQ
CENTURYTEL, INC.

January 29, 2009
Date

By: Colleen A. Foley

RONALD K. CHEN
PUBLIC ADVOCATE OF NEW JERSEY
DEPARTMENT OF THE PUBLIC ADVOCATE
DIVISION OF RATE COUNSEL

Date

By: _____
Stefanie A. Brand, Esq.
Director, Division of Rate Counsel

execute this Stipulation and Agreement and to bind their respective clients by their signatures below.

In witness whereof, and with the advice of counsel and intending to be legally bound, the Signatory Parties have executed this Stipulation and Agreement.

UNITED TELEPHONE COMPANY
OF NEW JERSEY, INC. d/b/a EMBARQ
CENTURYTEL, INC.

January 29, 2009
Date

By: Colleen A. Foley

RONALD K. CHEN
PUBLIC ADVOCATE OF NEW JERSEY
DEPARTMENT OF THE PUBLIC ADVOCATE
DIVISION OF RATE COUNSEL

January 29, 2009
Date

By: Stefanie A. Brand
Stefanie A. Brand, Esq.
Director, Division of Rate Counsel