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Adam L. Sherr Associate General Counsel Regulatory Law

March 13, 2014

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PUBLIC SERVICE
COMMISSION

Century Link®

Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

Re: Informational Notice regarding the Planned Internal

Corporate Restructure of CenturyLink's IXC and CLEC

**Entities in Kentucky** 

Dear Mr. Derouen:

CenturyLink, Inc. ("CenturyLink") hereby notifies the Kentucky Public Service Commission ("Commission") of a planned internal corporate reorganization ("Reorganization") of CenturyLink's Competitive Local Exchange ("CLEC") and Interexchange ("IXC") subsidiaries and affiliates. The effective date of the Reorganization is planned to be April 1, 2014. The Reorganization will reduce the number of internal corporate IXC and CLEC entities and will simplify operations. The Reorganization will consolidate only affiliated IXC/CLEC entities. The Reorganization will allow CenturyLink to increase efficiencies, reduce administrative burdens associated with the current structure and operations, and compete more effectively. No Commission action is required at this time.

## 1. Affected Entities in Kentucky

The CLEC and IXC affiliates of CenturyLink designated below, are subject to this internal corporate transaction and will be impacted by the Reorganization as described hereinafter:

Embarq Communications, Inc. d/b/a/ CenturyLink Communications (Utility ID 5173500).

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CenturyTel Fiber Company II, LLC d/b/a CenturyLink Wholesale<sup>1</sup> (Utility ID 5055110).

CenturyTel Long Distance, LLC d/b/a CenturyLink Long Distance (Utility ID 5144600).

**Gulf Long Distance, Inc.** (Utility ID 5115500, 22251155).

**Qwest Communications Company, LLC d/b/a CenturyLink QCC ("QCC")** (Utility ID 22251087, 5108700).<sup>2</sup>

Organization charts depicting both the existing and proposed corporate structures for Kentucky are attached hereto as Exhibits A and B.

## 2. <u>Description of the Transaction</u>

Specifically, through a series of internal corporate transactions, QCC, currently an indirect subsidiary of CenturyLink, would become a direct wholly-owned subsidiary of CenturyLink. QCC will be the only CenturyLink affiliate with certificates of public convenience and necessity or other authorities that allow it to operate as a CLEC and an IXC in all 50 states, the District of Columbia, and Puerto Rico. After QCC becomes a direct subsidiary of CenturyLink and customer transfers to QCC occur, the IXC and CLEC affiliates of CenturyLink such as Embarq will merge into QCC, liquidating and distributing their assets and liabilities to QCC. After the Reorganization, the customers of the entities consolidated into QCC such as Embarq, CenturyTel Fiber, CenturyTel Long Distance and Gulf will be customers of QCC. QCC will then change its corporate name to CenturyLink Communications, LLC and will file a notice with the Commission of its name change, consistent with the requirements of KRS 278.542(2). Embarq, CenturyTel Fiber, CenturyTel Long Distance and Gulf will no longer be providing utility services and will withdraw their tariff filings.

## 3. <u>Customer Notification</u>

The proposed Reorganization will be transparent to the customers involved. Kentucky customers of the affected entities began receiving a courtesy notice of the restructuring starting in the late January 2014 bill cycles. There will be no change in the rates and other terms and conditions for any of their services as a result of the internal corporate restructuring. CLEC and IXC services will continue to be provided pursuant to the same contracts and filed rates (as applicable) that are currently in place for QCC, along with tariffs and schedules corresponding to the restructuring.

<sup>1</sup> The Commission's records reflect a former assumed name, "Lightcore."

<sup>&</sup>lt;sup>2</sup> After the internal corporate restructuring, QCC will remain operational in Kentucky as both a CLEC and an IXC.

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## 4. <u>Legal Basis for Notification Letter</u>

After the Reorganization is complete, the Commission will retain the same regulatory authority over QCC that the Commission possesses now. CenturyLink understands that Kentucky law does not require CenturyLink to seek formal Commission approval or file a formal application in order to institute the Reorganization or to complete the merger of its several certificated Kentucky entities, as long as CenturyLink observes any applicable requirements under the Federal Bulk Transfer Rule, i.e. 47 C.F.R. § 1120(e). See AT&T Communications of the South Central States, Case No. 2007-00215 (July 23, 2007) (holding that automatic migration between related entities does not require waiver of KRS 278.535 and 278.542 if carriers adhere to Bulk Transfer Rule). All providers involved in this restructuring are successors in interest by way of acquisition or merger, see KRS 278.535(a), so this transaction does not involve a carrier switch between telecommunications providers.

Please do not hesitate to contact me or our Kentucky counsel, Doug Brent, if you have any questions regarding this notice or if you require any additional information.

Sincerely,

Adam L. Sherr

ALS/jga

Attachments

cc:

Jeff D. Cline, PSC

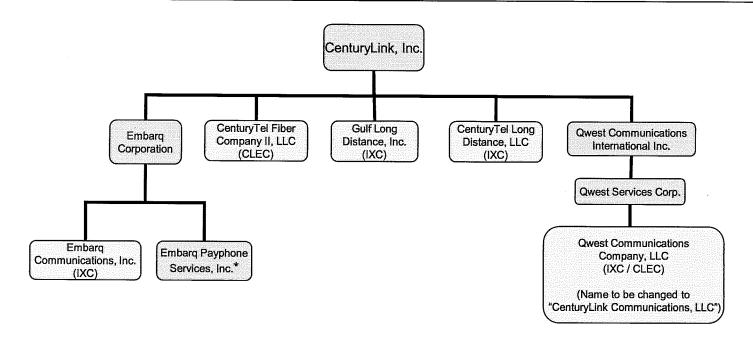
Jeb Pinney, PSC

Douglas F. Brent, Stoll Keenon Ogden PLLC

#### **KENTUCKY**

Organizational Structure Diagrams

# **Entities Prior to Corporate IXC / CLEC Restructuring**



Highlighted entities subject to the proposed corporate restructuring.

The ILEC subsidiaries of CenturyLink, Inc. are not impacted by this proposed transaction. The ILECs are merely identified on the organizational diagram for illustrative purposes only.

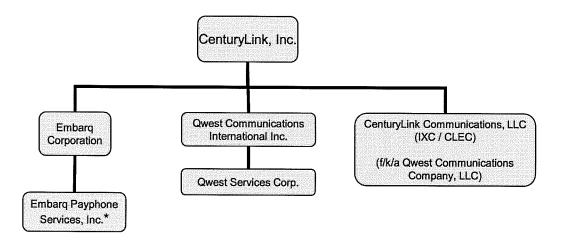
Other CenturyLink, Inc. subsidiaries operating outside this state, which are impacted by the proposed transaction, are not reflected on this organizational diagram.

<sup>\*</sup>In process of name change to CenturyLink Public Communications, Inc.

### **KENTUCKY**

Organizational Structure Diagrams

# **Entities After Corporate IXC / CLEC Restructuring**



The ILEC subsidiaries of CenturyLink, Inc. are not impacted by this proposed transaction. The ILECs are merely identified on the organizational diagram for illustrative purposes only.

Other CenturyLink, Inc. subsidiaries operating outside this state, which are impacted by the proposed transaction, are not reflected on this organizational diagram.

<sup>\*</sup>In process of name change to CenturyLink Public Communications, Inc.