

**PENNSYLVANIA PUBLIC UTILITY COMMISSION  
HARRISBURG, PENNSYLVANIA 17105-3265**

**Joint Application of The United Telephone Company of Pennsylvania LLC d/b/a Embarq Pennsylvania and Embarq Communications, Inc. For Approval of the Indirect Transfer of Control To CenturyTel, Inc.**

**PUBLIC MEETING: May 28, 2009  
2070638-OSA**

**Docket No. A-2008-2076038**

**STATEMENT OF CHAIRMAN JAMES H. CAWLEY**

Before us for disposition are the Exceptions and Reply Exceptions of various parties to the Initial Decision (I.D.) of presiding Administrative Law Judge (ALJ) Wayne L. Weismandel regarding the Joint Application of The United Telephone Company of Pennsylvania d/b/a Embarq Pennsylvania (Embarq PA) and Embarq Communications, Inc. (ECI) for an indirect transfer of control to CenturyTel, Inc. (CenturyTel). I commend the parties and presiding ALJ Weismandel for the development of a full evidentiary record in a complex proceeding that enables us to reach a ruling today. I also commend our advisory Staff in the Office of Special Assistants for their rapid and comprehensive evaluation in this case and the development of a detailed recommendation to the full Commission. I support the Staff recommendation in this matter.

For a number of valid reasons, this Commission is not going to direct the continuation of the rate freeze that was first implemented when the landline operations of Embarq PA were spun off from Sprint.<sup>1</sup> Similarly, the Commission will not direct an acceleration of the Chapter 30 broadband deployment commitments of Embarq PA. Absent the continuation of the rate freeze and through the operation of the applicable provisions of Chapter 30, 66 Pa. C.S. § 3015(a)(1)(i), Embarq PA will be able to avail itself of annual revenue and rate increases that can be implemented on its intrastate non-competitive services and their end-users in accordance with its Company-specific amended alternative regulation and network modernization plan. Whether Embarq PA will decide to fully implement these Chapter 30 price stability mechanism annual revenue and rate increases will also largely depend on the price elasticity of demand that affects the Company's intrastate non-competitive services and its corresponding end-user customer base.

The evidentiary record strongly suggests that Embarq PA's operations in this Commonwealth will benefit from a share of the CenturyTel company-wide merger synergy savings.<sup>2</sup> Although this is not a regulatory directive, I encourage Embarq PA to consider a voluntary acceleration of its existing Chapter 30 broadband deployment commitments.


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<sup>1</sup> *Joint Application of The United Telephone Company of Pennsylvania d/b/a Sprint, and of Sprint Long Distance, Inc., for all Approvals Required under the Pennsylvania Public Utility Code in Connection with Changes of Control of The United Telephone Company of Pennsylvania d/b/a Sprint and of Sprint Long Distance, Inc., Docket Nos. A-313200F0007, A-311379F0002, Order entered April 7, 2006. See also Docket No. A-2008-2076038, I.D. at 29.*

<sup>2</sup> OCA M.B. at 27.

We are also generally aware that certain amounts of federal stimulus funding for broadband deployment may be available from the U.S. Department of Commerce National Telecommunications and Information Administration (NTIA), as well as the U.S. Department of Agriculture Rural Utility Services (RUS) under the federal American Recovery and Reinvestment Act of 2009 (ARRA). I understand the reluctance of regulated telecommunications carriers such as Embarq PA to seek and obtain federal stimulus funds for broadband deployment under ARRA because the relevant federal guidelines, procedures, and potential obligations of recipient carriers have not yet been fully developed. However, Embarq PA serves many rural exchanges throughout Pennsylvania, and it has readily identifiable demand for broadband services and potentially "shovel ready" projects through the Chapter 30 bona fide retail request (BFRR) program. Therefore, I strongly encourage Embarq PA to timely explore these available federal stimulus funding alternatives and utilize them to the extent practicable in order to potentially accelerate the implementation of identified and pending BFRR projects.

Dated: May 28, 2009

A handwritten signature in black ink that reads "James H. Cawley". The signature is written in a cursive style with a horizontal line underneath the name.

James H. Cawley  
Chairman