

Lynn Anton Stang
Melissa K. Thompson
Qwest Services Corporation
1802 California Street, 10th Floor
Denver, CO 80202
Tel: 303) 383-1611
Fax: (303) 295-7069
Lynn.Stang@qwest.com
Melissa.Thompson@qwest.com

Peter A. Rohrbach
Yaron Dori
Hogan & Hartson L.L.P.
555 13th Street NW
Washington, D.C. 20004
Tel: (202) 637-5600
Fax: (202) 637-5910
PARohrbach@hhlaw.com
YDori@hhlaw.com

Gregory B. Monson (2294)
Stoel Rives LLP
201 South Main Street, Suite 1100
Salt Lake City, UT 84111
Tel: (801) 578-6946
Fax: (801) 578-6999
gbmonson@stoel.com

*Attorneys for Qwest Communications
Corporation*

Jonathan Radin
Vice President, Legal and External
Affairs
OnFiber Communications, Inc.
3031 Corvin Drive
Santa Clara, CA 95051
Tel: (408) 962-2915
Fax: (408) 962-2919
Jonathan.Radin@onfiber.com

Suzanne Toller
Treg Tremont
Davis Wright Tremaine, LLP
One Embarcadero Center, Suite 600
San Francisco, CA 94111-3611
Tel: (415) 276-6500
Fax: (415) 276-6599
SuzanneToller@dwt.com
TregTremont@dwt.com

*Attorneys for OnFiber
Communications, Inc.*

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Joint Application of
QWEST COMMUNICATIONS
CORPORATION and ONFIBER
COMMUNICATIONS, INC. for Approval
to Transfer Control of OnFiber Carrier
Services, Inc. to Qwest Communications
Corporation

Docket No. 06-2204-01

JOINT APPLICATION

By this Joint Application and pursuant to Utah Code Ann. §§ 54-4-28 and 54-4-29, Qwest Communications Corporation (“QCC”) and OnFiber Communications, Inc. (“OnFiber Inc.”) (together, the “Applicants”), hereby request Commission consent to the proposed transfer of control of OnFiber Carrier Services, Inc. (“OnFiber Services,” and, together with OnFiber Inc., “OnFiber”), a wholly-owned operating subsidiary of OnFiber Inc. certificated by this Commission, from OnFiber Inc. to QCC (the “Transfer of Control”).

I. INTRODUCTION AND SUMMARY

On May 12, 2006, QCC and OnFiber Inc., together with certain of their parents and affiliates, entered into an Agreement and Plan of Merger (“Agreement”) pursuant to which QCC will become the direct corporate parent of OnFiber Inc. and, as a result, the indirect corporate parent of OnFiber Services (the “Transaction”). The terms and conditions of the Agreement are summarized in Section IV below.

OnFiber provides customized, point-to-point, high-capacity data transport services in the highly competitive retail and wholesale markets targeting enterprise customers and carriers. OnFiber does not serve any aspect of the residential market and does not provide switched voice services. OnFiber operates in 19 metropolitan markets across the U.S., serving a total of approximately 250 retail enterprise and wholesale carrier customers nationwide, each of which is served pursuant to a negotiated contract addressing its specific telecommunications needs.¹

¹ Some of these customers only lease dark fiber from OnFiber.

Although OnFiber Services holds authority from this Commission to provide intrastate services in Utah, the Transfer of Control will have no material impact on the intrastate market in Utah because OnFiber Services provides only jurisdictionally interstate services in Utah. Although OnFiber Services is authorized to provide jurisdictionally intrastate services, the SONET, Ethernet and Wavelength Services that OnFiber offers are used primarily for interstate applications. OnFiber Services may in the future provide jurisdictionally intrastate services in Utah. However, given the nature of OnFiber Services' business, the company's focus will remain primarily on providing interstate data services to the enterprise market.

More generally, the Transfer of Control will have no material impact on competition in Utah because only one OnFiber customer is served by OnFiber in the state (that customer became an OnFiber customer only last month, in April 2006). Furthermore, as explained more fully in Section V below, that customer today benefits from multiple competitive alternatives.

The primary purpose of QCC's acquisition of OnFiber is to enhance its presence in the 36 states outside of the Qwest Corporation ("QC") region. The large majority of OnFiber's business is outside of this region, and, as a result, the Transaction will better position the combined company to compete with AT&T, BellSouth, Verizon/MCI and other carriers in those markets.

The Transaction is intended to ensure that Applicants' strategic combination will enable the post-Transaction company to succeed in the highly

competitive and increasingly global telecommunications marketplace. In the primary out-of-region markets in which OnFiber operates, both QCC and OnFiber must compete against numerous, and, in many cases, much larger competitors. By combining forces, Applicants have ensured themselves a better opportunity to compete against these carriers.

Both QCC and OnFiber Services already are authorized to provide telecommunications in Utah, and the financial, managerial and technical capabilities of QCC and its affiliates are a matter of record before the Commission.² In short, prompt approval of the Transfer of Control will serve the public interest.

II. DESCRIPTION OF APPLICANTS

A. QCC

QCC is a Delaware corporation whose principal office and place of business is located at 1801 California Street, Denver, Colorado 80202. A copy of QCC's Articles of Incorporation is attached hereto as Exhibit 1. QCC is an affiliate of QC, and both QCC and QC are wholly-owned by the same ultimate corporate parent, Qwest Communications International Inc. ("QCII," and, together with QCC and QC, "Qwest"), a Delaware corporation whose stock is publicly traded on the New York Stock Exchange under the symbol "Q." A copy of QCII's most recent

² Because QCC is acquiring OnFiber in its entirety, the customers of OnFiber – all of whom are, as previously noted, business customers who purchase customized, high-capacity data services pursuant to negotiated contract – will not experience any change in provider or in the rates or terms and conditions of their service. As a result, no anti-slamming or bulk customer transfer rules are implicated by the Transfer of Control.

annual report on SEC Form 10-K can be found at

<http://www.sec.gov/Archives/edgar/data/1037949/000119312506033720/d10k.htm>.

Qwest, through one or more affiliates, provides voice, video and data services throughout the United States. Qwest's broadband network spans more than 180,000 miles across the U.S. and globally. Qwest, through one or more affiliates, is authorized by the Federal Communications Commission ("FCC") to provide interstate and international telecommunications services and, through one or more affiliates, is authorized to provide various forms of telecommunications services in all 50 states and the District of Columbia.

In Utah, QCC is authorized to provide public telecommunications services, including local exchange services, pursuant to a Certificate of Public Convenience and Necessity issued by the Commission.³ Thus, QCC has been found by this Commission to possess the requisite financial, managerial, and technical qualifications to operate as a provider of services in Utah. A copy of QCC's Certificate of Existence, certifying that it is authorized to transact business in Utah, is attached hereto as Exhibit 2.

³ See Certificate, Docket No. 94-2204-01 (Utah PSC Aug. 21, 1995) (granting certificate to QCC to provide telecommunications services except local exchange service); Certificate, Docket No. 97-2237-01 (Utah PSC Apr. 22, 1998) (granting certificate to LCI International Telecom Corp. ("LCI") to provide local exchange services); Report and Order, Docket No. 01-2204-01 (Utah PSC Jun. 18, 2001) (approving internal corporate restructuring whereby LCI was absorbed into QCC and all of LCI's operating authority was transferred to QCC). QC also is authorized to provide public telecommunications services as an incumbent local exchange carrier in Utah.

B. OnFiber

OnFiber Inc. is a Delaware corporation whose principal office and place of business is located at 11921 N. Mopac Expressway, Suite 100, Austin, Texas, 78759. A copy of OnFiber Inc.'s Articles of Incorporation is attached hereto as Exhibit 3. OnFiber Inc. is a privately-held company whose principal investors include financial institutions and venture capital funds. As explained in Section I, OnFiber serves only the highly competitive retail and wholesale markets for customized, point-to-point high-capacity data services for enterprise customers and carriers. OnFiber does not serve any aspect of the residential market or sell switched voice services. OnFiber Inc., through its subsidiaries, creates, delivers and manages custom designed network infrastructure solutions using a full suite of optical transport technologies including Wavelength, Ethernet, and SONET Services. OnFiber provides these services through its AdaptiveBuild® process, through which OnFiber combines existing sources of fiber with new construction to design and implement optical end-to-end solutions for enterprise customers and providers of communications services.

OnFiber is authorized by the FCC to provide interstate telecommunications services, and OnFiber Inc.'s operating subsidiaries are authorized to provide various forms of telecommunications services in a total of 26 states⁴ and in the District of Columbia. In Utah, OnFiber Services is authorized to

⁴ OnFiber Inc.'s operating subsidiaries currently hold authority in the District of Columbia and the following states: Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Massachusetts, Maryland, Michigan, Minnesota,

provide public telecommunications services pursuant to a Certificate of Public Convenience and Necessity issued by the Commission.⁵ A copy of OnFiber Services' Articles of Incorporation is attached hereto as Exhibit 4. A copy of OnFiber Services' Certificate of Existence, certifying that it is authorized to transact business in Utah, is attached hereto as Exhibit 5.

III. CONTACT INFORMATION

For the purposes of this Application, contacts for the Applicants are as follows:

For QCC:	For OnFiber:
Lynn Anton Stang Melissa K. Thompson Qwest Services Corporation 1801 California Street Denver, Colorado 80202 Tel: (303) 383-6611 Fax: (303) 295-7069 Lynn.Stang@qwest.com Melissa.Thompson@qwest.com	Jonathan Radin Vice President, Legal and External Affairs OnFiber Communications, Inc. 3031 Corvin Drive Santa Clara, CA 95051 Tel: (408) 962-2915 Fax: (408) 962-2919 Jonathan.Radin@onfiber.com
Peter A. Rohrbach Yaron Dori Hogan & Hartson L.L.P. 555 13th Street NW Washington, D.C. 20004 Tel: (202) 637-5600 Fax: (202) 637-5910 PARohrbach@hhlaw.com YDori@hhlaw.com	Suzanne Toller Treg Tremont Davis Wright Tremaine, LLP One Embarcadero Center, Suite 600 San Francisco, CA 94111-3611 Tel: (415) 276-6500 Fax: (415) 276-6599 SuzanneToller@dwt.com TregTremont@dwt.com

Missouri, North Carolina, New Hampshire, New Jersey, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Texas, Utah, Virginia, Washington and West Virginia.

⁵ See Certificate, Docket No. 03-2323-01 (Utah PSC Jul. 19, 2004).

For QCC:	For OnFiber:
Gregory B. Monson Stoel Rives LLP 201 South Main Street, Suite 1100 Salt Lake City, UT 84111 Tel: (801) 578-6946 Fax: (801) 578-6999 gbmonson@stoel.com	

IV. DESCRIPTION OF THE TRANSACTION

Pursuant to the terms of the Agreement, Qwest has agreed to acquire all of the capital stock of OnFiber Inc. in exchange for \$107 million, with Qwest having the option up until closing to substitute up to \$35 million of Qwest shares for cash. To effectuate the acquisition, QCII will create a new, wholly-owned subsidiary called Quality Telecom, Inc. (“Quality Telecom”), which will become a direct, wholly-owned subsidiary of QCC. Upon consummation of the Transaction, OnFiber Inc. will be merged with and into Quality Telecom, whereupon OnFiber Inc. will emerge as the surviving entity and the separate corporate existence of Quality Telecom shall cease. As a result, OnFiber Inc. will become a direct, wholly-owned subsidiary of QCC, an affiliate of QC, and an indirect, wholly-owned subsidiary of QCII. OnFiber Services will remain a wholly-owned subsidiary of OnFiber Inc., and thus will be an indirect wholly-owned subsidiary of QCC.⁶ The boards of directors of Qwest and OnFiber have approved or ratified the Agreement.

⁶ Organizational charts depicting the corporate structure of QCC and OnFiber Inc. before and after the Transaction can be found in Exhibits 6 and 7 attached hereto.

V. PUBLIC INTEREST STATEMENT

The Transfer of Control and the Transaction of which it is a part will serve the public interest because they will serve as a catalyst to the expansion and enhancement of QCC's and OnFiber's capabilities out-of-region. At its core, the Transaction marks the ongoing evolution of two competitive carriers – QCC and OnFiber – and is intended to improve their ability to compete against larger entities in the provision of interstate data services to corporations and carriers on a national scale. Absent the Transaction, QCC and OnFiber would have to compete individually against these much larger carriers in these markets who have far greater resources, particularly outside of QC's 14-state region. QCC's acquisition of OnFiber will ensure that the two companies together can grow their positions responsibly, ensuring that customers receive innovative, high-quality services from them at market rates.

The Transfer of Control will not adversely affect competition in Utah. Although OnFiber Services holds a certificate to provide intrastate services in Utah, On Fiber provides only jurisdictionally interstate services in Utah. As a result, the acquisition of OnFiber by QCC will have absolutely no effect on the number of competitors that today are actively competing in the market for local or intrastate services in Utah. Even in the market for interstate services in Utah, competition will remain materially unaffected because OnFiber currently serves only one customer in the state.

These facts demonstrate that QCC's acquisition of OnFiber will result in no material reduction in the level of competition in any market in Utah,

including the provision of customized, dedicated point-to-point data services to enterprise and wholesale customers in Utah. At the same time, the proposed combination will enhance the size, scale and resources of the companies to enable them to better compete against larger competitors – particularly on a national scale.

Because the Transaction will not result in any change in the structure of the existing OnFiber entities, the current customers of OnFiber will continue to receive service under the current contracts, without any change in the current rates, terms and conditions of service.

VI. CONCLUSION

For the reasons stated above, Applicants respectfully submit that grant of this Application will advance the public interest, convenience and necessity. In light of OnFiber's limited market presence in Utah and the undeniable benefits that will flow to consumers as a result of the Transfer of Control and Transaction, Applicants

respectfully request expedited review and approval of this Application so that Applicants may complete the Transfer of Control as soon as possible.

RESPECTFULLY SUBMITTED: May 26, 2006.

Lynn Anton Stang
Melissa K. Thompson
Qwest Services Corporation

Peter A. Rohrbach
Yaron Dori
Hogan & Hartson L.L.P.

Gregory B. Monson
Stoel Rives LLP

*Attorneys for Qwest Communications
Corporation*

Jonathan Radin
Vice President, Legal and External
Affairs
OnFiber Communications, Inc.

Suzanne Toller
Treg Tremont
Davis Wright Tremaine, LLP

*Attorneys for OnFiber Communications,
Inc.*

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Joint Application was served upon the following by electronic mail at the electronic mail addresses shown below on May 26, 2006:

Michael Ginsberg
Patricia E. Schmid
Assistant Attorney Generals
Division of Public Utilities
500 Heber M. Wells Building
160 East 300 South
Salt Lake City, UT 84111
mginsberg@utah.gov
pschmid@utah.gov

Reed T. Warnick
Paul H. Proctor
Assistant Attorney Generals
Committee of Consumer Services
500 Heber M. Wells Building
160 East 300 South
Salt Lake City, UT 84111
rwarnick@utah.gov
pproctor@utah.gov
