



State of Utah
Department of Commerce
Division of Public Utilities

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MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Bill Duncan, Telecommunications / Water Manager
Ron Slusher, Utility Technical Consultant

Date: October 15, 2012

Re: In the Matter of the Joint Application of TCG Utah and Teleport Communications America, LLC for Certificate of Public Convenience and Necessity as a Competitive Local Exchange Carrier, and for Informal Adjudication of Merger, Docket No. 12-2558-01.

RECOMMENDATION (Approval):

The Division has reviewed the technical, managerial, and financial abilities of the Teleport Communications America, LLC ("TCA") and has found that they have provided the necessary information to fulfill the requirements as stated in the existing Commission rules to be granted a Certificate of Public Convenience and Necessity ("CPCN"). The Division believes that the public interest will be promoted by recommending that the Commission allow the Applicant a CPCN as requested under the same terms and conditions allowed in other CPCNs.

The Division also recommends the approval of the internal merger of TCG Utah and Teleport Communications America, LLC ("TCA") with TCA being the surviving entity.

TCA has stated that they will submit a bond in the amount of \$100,000 as required by R746-349-3(a)(2) upon certification and the approval of this merger.

The Applicants have requested that the Commission due everything within its power to complete this application for approval before the proposed merger date of December 31, 2012.

The Division expects that based on history that a filing of this type and with the information submitted by the company there will be no objections or opposition to this recommendation. Therefore, the Division request that this docket be adjudicated informally in accordance with R746-110-1.

EXPLANATION:

On or about October 01, 2012, TCG Utah and Teleport Communications America, LLC (“TCA”) (“Applicants”) filed an application for a certificate of public convenience and necessity (“CPCN”) and an informal adjudication of merger of the two with TCA being the surviving entity. The Division reviewed the application and found the following:

TCG Utah is a New York general partnership with headquarters at One AT&T Way, Bedminster, N.J. 07921. TCG Utah was issued their CPCN by the Commission on October 24, 1996 in docket number 96-2211-01.

TCA is a Delaware limited liability company with headquarters at One AT&T Way, Bedminster, New Jersey 07921 and is currently not certificated in the state of Utah. TCG Utah and TCA are subsidiaries of AT&T, Inc.

The applicant states the TCA was created in 2012 for the purpose of consolidating into a single entity the intrastate operating authority of numerous state-specific Teleport entities owned by AT&T Corp. At this time, TCA has not commenced offering any services and is waiting for certifications from the other states. After the merger and approval of TCA application for a CPCN, TCG Utah wishes to surrender their certificate of public convenience and necessity.

After the merger TCA intends to serve the same locations formerly served by TCG Utah, and will limit local exchange services to local exchanges with 5,000 access lines or more, or that are owned or controlled by incumbent telephone corporations with 30,000 access lines or more in the State of Utah. As to types of services to be offered, they will include all services formerly offered by TCG Utah, including local exchange service for business and residential customers, long distance service, and access services.

TCA will use existing TCG Utah facilities and arrangements, which may include including the resale of AT&T facilities-based services and some Qwest carrier facilities.

The Applicants state that the merger will be transparent to their customers and that there will be change in rates or substantive terms and conditions under which TCG Utah currently serves customers either under tariff or contract. Once the merger is completed, the same personnel who manage these services will continue to do so and there will be no change in the network assets used to provide these services

TCA will begin providing local exchange service for business customers upon the completion of its merger with TCG Utah, which is planned for December 31, 2012.

The Applicant claims that there are no pending complaints or investigations involving unauthorized switching (slamming) or any other illegal activities.

According to financial statements attested to be accurate, objective and with integrity by James F. Dionne, Executive Director – Accounting of AT&T Corp., the Applicant has a positive net worth and has ample working capital.

Summaries of professional experience and education of its managerial personnel demonstrate that the Applicant has considerable experience in the telecommunications industry.

TCA has stated that they will submit a bond in the amount of \$100,000 as required by R746-349-3(a)(2) upon certification and the approval of this merger.

The Applicant asserts that approval of its application will serve the public interest creating and enhancing competition and expanding customer service options. Additionally, the approval of this application will expand the availability of innovative, high quality, reliable and competitively-priced telecommunications services in the State of Utah.

The Division has reviewed the technical, managerial, and financial abilities of the Teleport Communications America, LLC (TCA) and has found that they have provided the necessary information to fulfill the requirements as stated in the existing Commission rules to be granted a Certificate of Public Convenience and Necessity (CPCN). The Division believes that the public interest will be promoted by recommending that the Commission allow the Applicant a CPCN as requested under the same terms and conditions allowed in other CPCNs.

The Division also recommends the approval of the internal merger of TCG Utah and Teleport Communications America, LLC (TCA) with TCA being the surviving entity.

cc: Sharon Mullin, Director-Regulatory, AT&T Services, Inc.
Roger Moffitt, General Attorney, AT&T Services, Inc.
Justin Jetter, Attorney General, State of Utah
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