

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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

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HEARING  
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TAKEN AT: Heber M. Wells Building
160 East 300 South, Room 451
Salt Lake City, Utah 84111

DATE: Friday, November 16, 2012

TIME: 9:00 a.m. to 9:12 a.m.

REPORTED BY: Michelle Mallonee, RPR

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APPEARANCES

For AT&T:

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SHARON MULLIN (Appearing telephonically)

Regulatory Director AT&T

JANICE ONO, (Appearing telephonically)

Area Manager, Regulatory Operations AT&T

FOR DIVISION OF PUBLIC UTILITIES:

JUSTIN JETTER, ESQ.

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Salt Lake City, Utah 84111

RON SLUSHER

Utility Technical Consultant

Division of Public Utilities

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Hearing

November 16, 2012

PROCEEDINGS

THE COURT: We'll be on the record. Good morning, everyone. I am Melanie Reif, the administrative law judge for the Utah Public Service Commission. And this is the time and place for the hearing in Docket 12-2558-01, entitled, "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."

I'd like to take the appearances of counsel at this time, starting with the applicant.

MR. MOFFITT: Roger Moffitt. I'm attorney for both parties. I work for AT&T Services. I'm internal counsel for AT&T.

THE COURT: Thank you, Mr. Moffitt. And would you please identify who you are also present with?

MR. MOFFITT: I am with Sharon Mullin, who is our regulatory director, as well as Janice Ono, who is our area manager, regulatory operations.

THE COURT: Thank you.

MR. JETTER: And I'm here--I'm Justin Jetter, with the Division of Public Utilities. And with me is Division of Public Utilities utility technical consultant, Ron Slusher.

1 THE COURT: Thank you, very much.

2 Mr. Moffitt, will you be calling a witness today?

3 MR. MOFFITT: We do not plan on calling a
4 witness.

5 THE COURT: Okay. The floor is yours. This is
6 your application. Please proceed.

7 MR. MOFFITT: Well, I'll be very brief. This is a
8 purely internal transaction. It's part of a process we're doing
9 nationally. As you are, perhaps, aware many of the regulatory
10 obligations that required a variety of entities in the states have
11 pretty much gone away. And as a result, it's natural that AT&T
12 has been looking to consolidate and simplify its corporate
13 structure to some degree. And this is part of that process.
14 Earlier this year, we had another application involving another
15 couple of AT&T entities.

16 This particular series of transactions involves a
17 number of state entities, TCG, then usually a state or regional
18 name. And we're consolidating those into a single national
19 entity called TCA. And this is one part of that, one state
20 transaction that's part of that. And we're hoping to get it done
21 by the end of the year. We're talking about same personnel, the
22 same resources, the same expertise, the same services.

23 As I indicated, it's just purely part of the internal
24 corporate shell shuffling that you would expect of this sort of
25 process. But we believe that we would be fully capable of

1 carrying through with the same level of service that the prior
2 entity enjoyed. So we would ask for expeditious approval.

3 We would like to have this done as quickly as
4 possible. We contemplate completing the national transaction
5 at the end of the year, and so it's rather important to us that we
6 have everything in line by then, if we can.

7 So we'd respectfully submit that for your
8 consideration.

9 THE COURT: Okay. And just to outline what it is
10 that you're seeking, you are seeking CPCN, correct?

11 MR. MOFFITT: That's right.

12 THE COURT: And you are also seeking approval
13 for a merger. And the entity that you wish to receive this CPCN
14 is TCA. And the merger will be TCG into TCA. Is that correct?

15 MR. MOFFITT: TCG Utah is the name of the entity.
16 Correct me if I'm wrong, Sharon.

17 THE COURT: Yes, I'm sorry. I'm using the
18 acronym. I'm using the acronym that I used in the notice.

19 MR. MOFFITT: Oh, I'm sorry. Yes, I think
20 everything you said is absolutely correct.

21 THE COURT: Okay. All right. Very good.

22 There was something that we received yesterday. I
23 do want to confirm on the record that the Commission is in
24 possession of the filing that was made yesterday on behalf of
25 this docket. It's a copy of a bond, meeting the requirement

1 under the rules for the bond requirement.

2 And Mr. Moffitt, would you like to ask the
3 Commission to take judicial notice of your application? What is
4 your preference to get that into the record?

5 MR. MOFFITT: Yes. We would ask you to take
6 judicial notice of the application, as well as the submission we
7 made yesterday for the bond. We have understood that we
8 would need to file a bond, and we agree that's appropriate. And
9 we, therefore, provided that bond to the Commission in a
10 separate mailing yesterday, just so that everything was in place.

11 We understand that ordinarily that would not have
12 to occur until after the CPCN was
13 granted--or upon granting of the CPCN. But we wanted to make
14 sure that everything was set so that you would have as few
15 extraneous considerations as possible before you can approve
16 this.

17 THE COURT: Okay. I appreciate you doing that.

18 And the Commission takes administrative notice of
19 both the application that was filed and the subsequent bond
20 filing.

21 Is there anything further that you wish to ask?

22 MR. MOFFITT: No, not unless you have any
23 questions.

24 THE COURT: I don't have any questions.

25 I know the Division will be presenting their

1 testimony or input on this issue. And I'll turn to them now.

2 Mr. Jetter.

3 MR. JETTER: Thank you. Should we go ahead and
4 swear in Ron?

5 THE COURT: Oh, certainly.

6 Mr. Slusher, will you be testifying today?

7 MR. SLUSHER: Yes.

8 THE COURT: Okay. And do you swear that the
9 testimony you are about to give is the truth?

10 MR. SLUSHER: Yes.

11 THE COURT: Thank you. You may proceed.

12 MR. JETTER: Thank you.

13 RON SLUSHER, having been first duly sworn, was
14 examined and testified as follows:

15 DIRECT EXAMINATION

16 BY-MR.JETTER:

17 Q. Mr. Slusher, have you reviewed the joint application
18 in this docket?

19 A. I have.

20 Q. And did you prepare the memorandum that was
21 submitted on behalf of the Division of Public Utilities?

22 A. Yes, I did.

23 Q. And do you believe that the memorandum, as it was
24 submitted, is still correct today?

25 A. Yes, it is.

1 MR. JETTER: Could we take judicial notice of that?

2 THE COURT: Yes. The Commission takes judicial
3 notice of the filing of the Division, dated October 15, 2012,
4 which was filed with the Commission on October 16,
5 recommending approval.

6 MR. JETTER: Thank you.

7 BY MR. JETTER:

8 Q. Just one last question. If this merger is granted, do
9 you believe that the ultimate result would be utility rates that are
10 just, reasonable, and in the public interest?

11 A. Yes, because it's an internal merger.

12 Q. Thank you.

13 MR. JETTER: I don't have any further questions.

14 THE COURT: Okay. Thank you for your testimony
15 today, Mr. Slusher.

16 Are there any questions or concerns before we
17 adjourn today?

18 MR. MOFFITT: No. We just would ask if you could
19 let us know what you think the timetable is going to be for an
20 order that reflects approval.

21 THE COURT: Mr. Moffitt, it is our hope-- all things
22 being considered, assuming that we get a transcript relatively
23 quickly--that we will have this well before your end-of-the-year
24 deadline. So I think I can assure you that that will be handled
25 as promptly as possible.

1 MR. MOFFITT: We're grateful. We appreciate it.

2 THE COURT: Okay. And I should also add that
3 concerning the merger aspect of the application, by rule, where
4 an issue is uncontested, the Commission--actually, I'll just read
5 to you, "the Commission will presume that approval is
6 appropriate." So I don't see this being anything that you need
7 to be concerned about.

8 MR. MOFFITT: If you're worried about tariffs, I've
9 just been alerted by our regulatory reminder that we will have
10 those in place by January 1st.

11 THE COURT: Okay.

12 MR. MOFFITT: I'm sorry--yeah, January 1st,
13 uh-huh, of the new year.

14 THE COURT: Okay.

15 MR. MOFFITT: For TCA.

16 THE COURT: Okay. Very well. Thank you for
17 being here today.

18 I hope you have a good holiday this next week. And
19 if I don't chat with you beforehand, Happy New Year to you, as
20 well.

21 MR. MOFFITT: We thank all the parties. Thank
22 you very much.

23 THE COURT: Thank you. Have a good day.
24 Bye-bye.

25 (The hearing concluded at 9:12 a.m.)

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CERTIFICATE

State of Utah)

ss.

County of Salt Lake)

I, Michelle Mallonee, a Registered Professional Reporter and Notary Public in and for the State of Utah, do hereby certify:

That the proceedings of said matter was reported by me in stenotype and thereafter transcribed into typewritten form;

That the same constitutes a true and correct transcription of said proceedings so taken and transcribed;

I further certify that I am not of kin or otherwise associated with any of the parties of said cause of action, and that I am not interested in the event thereof.

Michelle Mallonee, RPR, CSR