

July 14, 2021

**Via e-mail:** psc@utah.gov

Gary Widerburg  
Commission Administrator  
Utah Public Service Commission  
160 East 300 South  
Salt Lake City, UT 84111

*Re: Notice of the Indirect Transfer of Control of Veracity Networks, LLC*

Dear Mr. Widerburg:

Broadweave Networks, Inc. (“Broadweave Networks”) and Veracity Communications, Inc. (“Veracity Communications”) (collectively, “Transferors”) and FirstDigital Communications, LLC (“FirstDigital” or “Transferee”) (together, the “Parties”) respectfully notify the Utah Public Service Commission (“Commission”) of the proposed indirect transfer of control of Veracity Networks, LLC (“Veracity Networks” or “Licensee”) from Broadweave Networks and Veracity Communications to FirstDigital.

As further described below, the proposed transaction will serve the public interest by providing additional expertise and resources to Licensee, which will in turn enhance its ability to offer services and better compete in the communications marketplace. The transaction also will not adversely impact competition or the Licensee’s customers.

The Parties submit this notification pursuant to Utah Code § 54-8b-3.4. Specifically, the Licensee is exempt from the requirements of Utah Code § 54-4-29 because it is a competitive entrant (Utah Code § 54-8b-3.4(1)(a)). Therefore, the Parties need only submit notice of the transaction prior to its completion (Utah Code § 54-8b-3.4(1)(b)).<sup>1</sup> In support of this filing, the Parties provide the following information:

## **I. DESCRIPTION OF THE PARTIES**

### *A. The Licensee and Transferors*

Veracity Networks is a Delaware limited liability company with its principal place of business located at 357 South 670 West, Suite 300, Lindon, Utah 84042. Veracity Networks is a competitive local exchange carrier (“CLEC”) that provides an array of communications services including local and long-distance voice service (primarily voice over internet protocol),

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<sup>1</sup> The Parties also have filed an application with the Federal Communications Commission (“FCC”) seeking consent to transfer control of Veracity Networks to FirstDigital. The FCC has issued a public notice accepting the application for filing under streamlined processing, and the Parties anticipate that the application will be deemed automatically approved in early July. *See Domestic Section 214 Application Filed for the Transfer of Control of Veracity Networks, LLC to FirstDigital Communications, LLC*, WC Docket No. 21-226, DA 21-654 (rel. June 4, 2021).

broadband internet access, MPLS, collocation, and cloud collaboration services. Veracity Networks provides service primarily in and around the Wasatch Front region in Utah, which includes Salt Lake City, West Valley City, Provo, West Jordan, Layton, Ogden, as well as in and around Saint George, Duchesne, Sevier, and Iron Counties. The company provides services to residential, small business, and enterprise customers.

Broadweave Networks and Veracity Communications each hold 50 percent of the ownership interests of Veracity Networks. Broadweave Networks is a Utah corporation with its principal place of business located at 744 North 300 West, Provo, Utah 84501. Veracity Communications is a Utah corporation with its principal place of business located at 379 North University Ave., Suite 301, Provo, Utah 84601. Both Broadweave Networks and Veracity Communications are holding companies and do not provide telecommunications services.

#### *B. The Transferee*

FirstDigital is a Utah limited liability company with its principal place of business located at 90 South West, Suite M-100, Salt Lake City, Utah 84101. FirstDigital, through its affiliates, is a CLEC and a leading full-service telecommunications firm that is nationally and locally recognized within the communications industry for design, construction, implementation, and operations. FirstDigital provides a suite of business offerings including local and long-distance voice, broadband internet access, MPLS, collocation, and cloud PBX services. FirstDigital primarily serves Tucson, Arizona, as well as the Wasatch Front region in Utah. Employing a highly available, tightly integrated, secure, flexible and fault-tolerant data and cloud-services network, FirstDigital gives clients overall economic value, an industry-leading quality service experience, and improved business productivity. Since 2000, FirstDigital has built, operated, and maintained fiber networks using best-in-class equipment and design standards to ensure long-term flexibility, maximum uptime, and guaranteed quality of service.

## **II. DESCRIPTION OF THE TRANSACTION**

On May 3, 2021, the Transferee, Transferors, and Licensee entered into a Securities Purchase Agreement (the “Agreement”). Pursuant to the Agreement, FirstDigital will acquire from the Transferors 100 percent of the stock of Veracity Networks. As a result of the transaction, Veracity Networks will become a wholly owned direct subsidiary of FirstDigital. For the Commission’s reference, organizational charts illustrating the current and post-closing corporate structure of Veracity Networks are provided as Exhibit A.

## **III. PUBLIC INTEREST STATEMENT**

The proposed transaction will serve the public interest. The transaction, structured as a stock purchase arrangement, ensures the continued operations of Veracity Networks, and does not involve the assignment of operating authority, assets, or customers. Post-closing, Veracity Networks will be able to draw on FirstDigital’s deep expertise and experience in providing telecommunications and other services. The transaction will result in a more financially sound company, providing Veracity Networks with increased flexibility and greater resources to invest

in providing competitive services to new and existing customers, thereby enhancing its competitive position in the communications marketplace and delivering the cutting-edge, high-capacity services that the marketplace demands.

Moreover, the combined network assets, expanded presence, greater network capacity, and significant array of services will put both Veracity and FirstDigital on better competitive footing than they would have as separate companies. Competition in Utah is strong with a wide range of service providers. However, the market is still dominated by Lumen/CenturyLink, the incumbent exchange carrier in the region, and it also is served by many other well-capitalized, facilities-based competitive providers, including Comcast and Google Fiber. Indeed, Lumen/CenturyLink and Comcast are by far the largest facilities-based service providers in Utah with significantly more scale and purchasing power than smaller providers like FirstDigital and Veracity Networks. Lumen/CenturyLink maintains a legacy copper network throughout the state and has built an extensive fiber network in part with the support of universal service funds. Comcast, the primary cable provider in Utah, has a large coax cable and fiber network throughout the state. Consumers and businesses would benefit from the strengthened presence of FirstDigital and Veracity Networks, as they will be able to more effectively compete in the marketplace and offer alternatives to the dominant providers in the region. The enhanced competition also will help drive all service providers to improve their services and prices.

Immediately after closing, Veracity Networks will continue to provide competitive and innovative services to existing customers at the same rates, terms, and conditions and in the same geographic areas as currently provided. Any future changes in the rates, terms, or conditions of service will be undertaken in response to market conditions and consistent with any applicable federal and state requirements. The transaction will be transparent to customers and is not expected to result in the discontinuance, reduction, loss or impairment of service to any customer.

The proposed transaction also will not harm competition. Both Veracity Networks and FirstDigital are nondominant carriers that compete against larger, more capitalized providers including Lumen/CenturyLink, Comcast, and Google Fiber, as well as a myriad of other providers. Accordingly, the transaction will enhance competition by helping the combined companies more effectively compete against the other larger incumbent and competitive providers, which in turn will benefit consumers.

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#### **IV. DESIGNATED CONTACTS**

Correspondence concerning this Notice should be directed to:

*For the Transferors and Licensee:*

K.C. Halm  
Davis Wright Tremaine LLP  
1301 K Street, N.W., Suite 500 East  
Washington, D.C. 20005  
202-973-4287 (tel.)  
202-973-4487 (fax)  
kchalm@dwt.com

With a copy to:

Marshall Erb  
Veracity Networks, LLC  
357 South 670 West, Suite 300  
Lindon, UT  
801-709-2108 (tel.)  
Marshall.Erb@veracitynetworks.com

*For Transferee:*

Phillip R. Marchesiello  
Jennifer L. Kostyu  
Wilkinson Barker Knauer, LLP  
1800 M Street, N.W., Suite 800N  
Washington, DC 20036  
202-783-4141 (tel.)  
202-783-5851 (fax)  
pmarchesiello@wbklaw.com  
jkostyu@wbklaw.com

With a copy to:

Wesley J. McDougal  
FirstDigital Communications, LLC  
90 South 400 West, Suite M-100  
Salt Lake City, UT 84101  
801-456-1000 (tel.)  
wmcdougal@firstdigital.com

**V. CONCLUSION**

For the reasons stated above, the proposed transaction will serve the public interest. If you have any questions regarding this notification, please contact the undersigned.

Respectfully submitted,

/s/ K.C. Halm

K.C. Halm  
Davis Wright Tremaine LLP  
1301 K Street, N.W., Suite 500 East  
Washington, D.C. 20005  
202-973-4287 (tel.)  
202-973-4487 (fax)  
kchalm@dwt.com

*Counsel to Broadweave Networks, Inc.  
and Veracity Communications, Inc.*

/s/ Philip R. Marchesiello

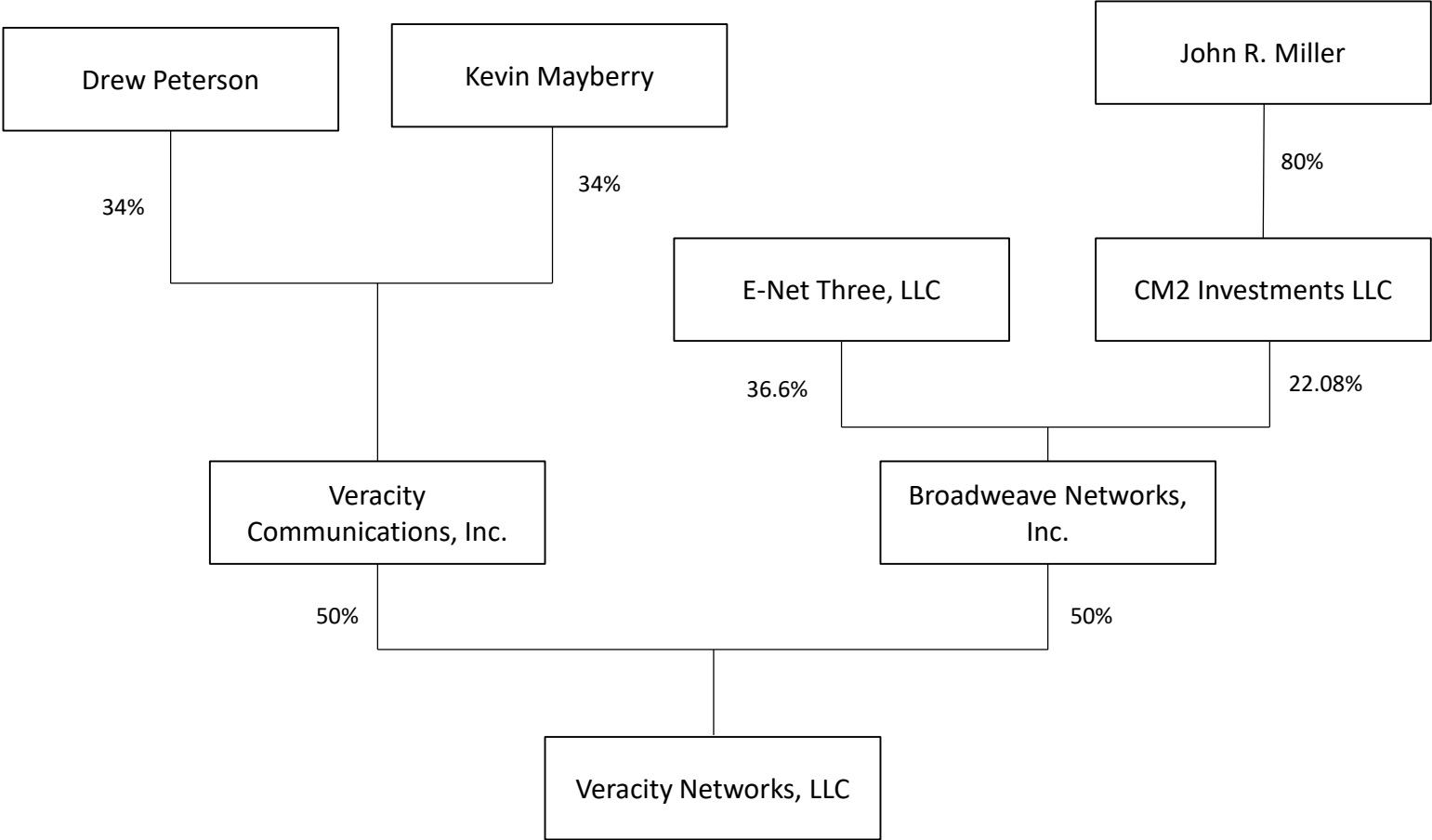
Phillip R. Marchesiello  
Jennifer L. Kostyu  
WILKINSON BARKER KNAUER, LLP  
1800 M Street, N.W., Suite 800N  
Washington, DC 20036  
202-783-4141 (tel.)  
202-783-5851 (fax)  
[pmarchesiello@wbklaw.com](mailto:pmarchesiello@wbklaw.com)  
[jkostyu@wbklaw.com](mailto:jkostyu@wbklaw.com)

*Counsel to FirstDigital Communications,  
LLC*

**EXHIBIT A**

**PRE- AND POST-CLOSING ORGANIZATIONAL DIAGRAMS**

# Pre-Closing Ownership



# Post-Closing Ownership

