

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Notification of Qwest Corporation's Intended Merger with QLDC)	<u>DOCKET NO. 08-049-15</u>
)	<u>ORDER APPROVING TRANSFER OF CONTROL</u>
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SYNOPSIS

The Commission finds the proposed merger of Qwest Corporation and QLDC to be in the public interest and approves the same.

ISSUED: June 24, 2008

By The Commission:

PROCEDURAL HISTORY

On April 10, 2008, Applicant Qwest Corporation ("QC") filed a Notification of Qwest Corporation's Intended Merger with QLDC ("Notification") seeking Commission waiver of the customer notice requirements of *Utah Code Ann.* § 54-8b-18 and Commission Rule 746-349-5, as well as an indication by the Commission of its agreement with the legal rationale contained in the Notification pertaining to the proposed merger. In addition, once QLDC ceases to exist as a corporate entity, there will no longer be a need for QLDC to be registered as a telecommunications company. Accordingly, QLDC requests cancellation of its registration.

On June 3, 2008, the Division of Public Utilities ("Division") filed a memorandum of its investigation of the proposed merger recommending approval of the same.

DISCUSSION, FINDINGS, AND CONCLUSIONS

QC is an incumbent local exchange carrier and regional Bell operating company authorized to provide telecommunications services in Utah. QC is a Colorado corporation with its principal office and place of business in Denver, Colorado, and is an indirect subsidiary of Qwest Communications International, Inc.

QLDC was created as a QC affiliate in order to satisfy the legal requirements of Sections 271 and 272 of the federal Telecommunications Act of 1996 ("Act") for the provision of interLATA interexchange services. QLDC serves its customers by reselling services it purchases from Qwest Communications Corporation ("QCC"), another affiliate of QC and a registered telecommunications carrier. QLDC's customer base is consumer residential and small business. QLDC does not sell any local services. QLDC provides services only in the service territory where QC provides local exchange services as an incumbent in fourteen western states, including Utah.

The proposed merger will be undertaken to effectuate an internal corporate restructuring of QC and QLDC whereby QC and QLDC will be consolidated into a single entity with QC as the surviving entity. Applicant states this restructuring will serve the public interest by allowing QC the flexibility to package local and long distance service in a similar fashion to that which is currently being done by QC's competitors. It will also simplify legal relationships because customers will be subscribing from a single legal entity where before there were two.

Applicant also states the restructuring should be invisible to customers and not result in any immediate material impact as QLDC customers will see no changes in offerings or

rates and will continue to receive services under the “Qwest” brand. All services and rates that are available to customers of QLDC and QC shall continue to be available post-reorganization.

Applicant notes the consolidation of QC and QLDC is made possible by the sunset of Qwest’s obligations under Section 272 of the Act which required that a separate corporate affiliate be maintained to provide interLATA services after Qwest obtained the authority under Section 271 to provide interLATA services. With the sunset of this requirement, QC plans to move the long distance affiliate QLDC into QC, thereby simplifying and unifying local and long distance voice services for mass market customers into a single provider while reducing administrative burden, record-keeping, and the number of affiliate transactions.

The Division concludes the proposed restructuring is in the public interest. Given that the transaction will be transparent to consumers, the Division concurs with QC that the anti-slamming protections set forth in *Utah Code Ann.* § 54-8b-18 and -29 Commission Rule 746-349-5 would only cause customer confusion. The Division also notes the Federal Communications Commission has held it is not necessary to notify customers in connection with this type of restructuring pursuant to 47 CFR § 64.1120(e)(3). The Division therefore recommends the Commission waive its anti-slamming requirements.

Utah Administrative Code Rule 746-110-1, authorizes the Commission to adjudicate a matter informally under *Utah Code Ann.* § 63-46b-5 when the Commission “determines that the matter can reasonably be expected to be unopposed and uncontested.” We note that in the months since filing of the Notification no party has sought intervention in this matter. We therefore view this matter as unopposed and uncontested and conclude it is in the

DOCKET NO. 08-049-15

-4-

public interest to proceed informally without hearing. Pursuant to Rule 746-110-2, we conclude good cause exists to waive the 20-day tentative period for an order issued in an informally adjudicated proceeding. Accordingly, this order will become effective on the date of issuance.

Based upon the evidence submitted by Applicants, as well as the Division's recommendation, and pursuant to *Utah Code Ann.* § 54-4-28, we find and conclude that the proposed merger will not harm and can provide benefits to the State of Utah, its citizens, and to Applicant's Utah customers and is in the public interest. We further find and conclude good cause exists to waive the requirements of *Utah Code Ann.* § 54-8b-18 and Commission Rule 746-349-5. Finally, although QLDC has requested cancellation of its "registration" upon approval of the proposed merger, we note QLDC is not a certificated telecommunications provider within the state of Utah such that we need take no action regarding said request.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that:

1. This matter be, and it is, converted to an informal proceeding pursuant to §63-46b-4(3), UCA 1953, as amended.
2. The proposed merger between Qwest Communications and QLDC is approved. The anti-slamming requirements contained in *Utah Code Ann.* § 54-8b-18 and Commission Rule 746-349-5 are waived.
3. The approval granted herein is effective as of the date of this Order.

Pursuant to Utah Code §§63-46b-12 and 54-7-15, agency review or rehearing of this order may be obtained by filing a request for review or rehearing with the Commission

DOCKET NO. 08-049-15

-5-

within 30 days after the effective date of the order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission fails to grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the Commission's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply with the requirements of Utah Code §§63-46b-14, 63-46b-16 and the Utah Rules of Appellate Procedure.

DATED at Salt Lake City, Utah, this 24th day of June, 2008.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary

G#57851