



State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

THAD LEVAR
Deputy Director

PHILIP J. POWLICK
Director, Division of Public Utilities

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GREG BELL
Lieutenant Governor

MEMORANDUM

To: Public Service Commission

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

Date: October 28, 2009

Re: In the Matter of the Joint Application of Broadweave Networks, Inc. and Veracity Communications, Inc. for Approval of a Transaction to Combine the Companies in Veracity Networks LLC. Docket No(s). 09-2410-01 & 09-2461-01.

RECOMMENDATION:

The Division has reviewed the joint application submitted by the Applicants and have found that they have provided the necessary information to fulfill the requirements as stated in the existing Commission rule R746-349-7. Based on this information the Division has no opposition to the merger.

EXPLANATION:

On October 21, 2009 Broadweave Networks, Inc. and Veracity Communications, Inc. (“Applicants”) filed a joint application for the approval of a transaction to combine the companies in Veracity Networks, LLC. The Division reviewed the application and found the following:

Broadweave Networks, Inc. applied for and was granted a certificate of public convenience and necessity by the Commission on September 29, 2003 under Docket No. 03-2410-01. Broadweave Networks, Inc. has been serving primarily residential customers in Qwest’s service territory and acquired the iProvo network from the city of Provo.

Veracity Communications, Inc. applied for and was granted a certificate of public convenience and necessity by the Commission on September 21, 2005 under Docket No. 05-2461-01. Veracity has been serving primarily business and commercial customers in Utah and Salt Lake Counties and on the iProvo network in Provo.

The Applicants have been operating within the State of Utah as providers of resold and facilities-based intrastate interexchange and non-switched local exchange telecommunications services throughout Utah excluding those exchanges with fewer than 5,000 access lines and served by incumbent local exchange carriers with fewer than 30,000 access lines.

The Applicants assert that approval of its application will serve the public interest by 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.

After the merger of the two companies the Applicants will share equal voting rights in Veracity Networks, LLC. The Applicants are requesting that the company assume Veracity's certificate of public convenience and necessity and will be the retail service provider serving customers. For the time being Broadview is requesting that they be allowed to keep their certificate until all current contractual obligations are met.

cc: Stephen F. Mecham, Counsel for Joint Applicants, Callister Nebeker & McCullough
Jay Cobb, Broadweave Networks, Inc.
Drew Peterson, Veracity Communications, Inc.
Michael Ginsberg, Assistant Attorney General