



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

GARY HERBERT.
Governor
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: July 27, 2010

Re: In the Matter of the Joint Petition of LY Holdings, LLC, Lightyear Network Solutions, LLC and Lightyear Network Solutions, Inc. for Approval of the *pro forma* Change in Corporate Structure of Lightyear Network Solutions, LLC per Docket No. 10-2434-01.

RECOMMENDATION (Acknowledgement):

The Division recommends that the Commission acknowledge the *pro forma* Change in Corporate Structure of Lightyear Network Solutions, Inc.

EXPLANATION:

On June 16, 2010 LY Holdings (“LYH”), Lightyear Network Solutions, LLC, (“Lightyear”) and Lightyear Network Solutions, Inc., (“LYNS”) filed a letter with the Commission regarding a *pro forma* Change in Corporate Structure of Lightyear Network Solutions, LLC. The Division reviewed the application and found the following:

Lightyear is a wholly owned direct subsidiary of LYH with offices located at 1901 Eastpoint Parkway, Louisville, Kentucky 40223. Lightyear holds domestic and international Section 214 authorizations from the FCC and is authorized to provide local exchange telecommunications services in 44 states and long distance telecommunications services in 49 states. In Utah Lightyear is authorized to provide facilities-based and resold local exchange and interexchange telecommunications services pursuant to authority granted in Docket No. 04-2434-01, April 7, 2005.

LYNS is a publicly held Nevada corporation that has had no operations since 1998.

Through various agreements, LYH exchanged 100% of its membership interest in Lightyear for shares in LYNS representing an approximately 69% ownership interest. As a result, LYNS became the sole direct owner of Lightyear and LYH became the only direct owner of more than 10% of LYNS. The end result of the exchange was simply the insertion of LYNS in Lightyear's corporate ownership between Lightyear and LYH. Since LYH continues to control Lightyear through LYNS, the transfer of direct control of Lightyear from LYH to LYNS was purely *pro forma* in nature. LYNS states since that the change is only in corporate structure that there will be no change in the rates to customers and that the transfer of control will be transparent to them.

After reviewing the application the Division recommends that the Commission acknowledge the *pro forma* Change in Corporate Structure of Lightyear Network Solutions, Inc.

cc: John J. Greive, General Counsel, Lightyear Network Solutions, LLC
Michael Ginsberg, Assistant Attorney General, State of Utah