



State of Utah
Department of Commerce
Division of Public Utilities

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MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Bill Duncan, Telecommunications / Water Manager
Casey J. Coleman, Utility Technical Consultant

Date: January 9, 2014

Re: Joint Application of Qwest Communications Company, LLC and Certain of its IXC Subsidiaries and Affiliates for all Approvals Required For Internal Corporate Restructuring; Informal Adjudication of Merger; and for Name Change per Docket No. 13-2204-02.

RECOMMENDATION:

The Division of Public Utilities (“Division”) has reviewed the application filed by Qwest Communications Company, LLC d/b/a CenturyLink QCC (“QCC”), Qwest LD Corporation d/b/a CenturyLink LD (“QLDC”), and Embarq Communications, Inc. d/b/a CenturyLink Communications (“ECI”) (“Applicant”) for certain internal corporate restructurings and recommends the Public Service Commission (“Commission”) grant the Applicant’s petition.

ISSUES:

On or about December 19, 2013, The Applicant filed an application regarding certain internal corporate restructurings with the Commission, which will result in the consolidation of certain CLECs and IXCs into one entity, QCC. The first step in the transaction is for QCC to become a wholly-owned subsidiary of CenturyLink, Inc. The next steps involve consolidating QLDC and ECI as well as other entities not in the state of Utah into QCC. The Division has reviewed the information and found the following:

The Applicants requested an informal adjudication of the merger pursuant to R746-349-7. In the informal adjudication process outlined in the rule parties have 14 days after notification by the Commission to file comments. Reply comments can be filed 21 days after notice by the Commission and a hearing scheduled within 30 days of the application.

Rule R746-349-7 requires the applicants to submit an application that includes:

- Identification that QCC is not an ILEC,
- Identification that QCC seeks approval for the application pursuant to this rule,
- A reasonably detailed description of the transaction for which approval is sought,

The application filed by the Applicant satisfies the requirements for an informal adjudicated proceeding. QCC indicated that it is not an ILEC in the State of Utah, (CenturyLink's ILEC Qwest Corporation d/b/a CenturyLink QC will not be impacted by this transaction), the application indicated the desire to proceed under the rule and the description provided by the Applicant allowed for an understanding of the structure of the CLEC once the transaction has been consummated. Because the requirements have been satisfied for an informal adjudication the Division believes this application should proceed in that manner.

As of the date of this memo, no parties have filed comments in this proceeding. Accounting for the various holidays over the past couple of weeks, and using a very generous definition of days to mean business days, the latest deadline of 14 days for filing comments would be January 10, 2014. Because no other parties besides the Division has filed comments the Commission should proceed with a hearing and grant the petition.

The Applicant submits that the transaction described will serve the public interest. The pro forma changes will further simplify and realign CenturyLink's existing corporate structure thereby reducing its reporting and accounting burdens and providing other efficiencies, enabling CenturyLink and its subsidiaries to become stronger competitors to the ultimate benefit of consumers.

The Applicant further submits that pro forma changes will be transparent to customers and will not result in any change in their services, and the rates, terms, and conditions of their services will not change as a result of the purely intra-company changes.

Along with the internal corporate restructuring the Applicant request the Commission deem inapplicable or waive any subscriber authorization provisions regarding customer consent and/or notification in connection with this *pro forma* internal corporate restructuring. Customers who are subscribing to the services offered by the Applicant are generally signing up with CenturyLink, unaware of the various entities and corporate structures which exist to offer the various telecommunications services. Because the customers have established the relationship with the parent company CenturyLink, there does not seem to be a compelling reason to require notification. The notification would probably create more confusion to customers. Therefore the Division agrees that waiving any notification and customer consent requirements in this proceeding is appropriate.

Finally, the Applicants have asked approval to change the name of QCC to CenturyLink Communications, LLC. This name change allows for the "CenturyLink" brand to be used by all entities. The Division does not see any adverse results from allowing the name change and recommends the Commission grant the petition.

The Division has reviewed the notification of the Applicant regarding the certain internal corporate restructurings and recommends the Commission grant the petition using the informal adjudication process. Additionally, the Commission should deem inapplicable or waive any subscriber authorization provisions regarding customer consent and/or notification in connection with this *pro forma* internal corporate restructuring. Finally, the Commission should approve the name change of QCC to CenturyLink Communications, LLC.

cc: Justin Jetter, Assistant Attorney General
Cheryl Murray, Utility Analyst, Office of Consumer Services, State of Utah
Torry R. Somers, CenturyLink
James Farr, CenturyLink