

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Joint Application of)
Qwest Communications Company, LLC and) DOCKET NO. 13-2204-02
Certain of its IXC Subsidiaries and Affiliates)
for all Approvals Required for Internal) ORDER APPROVING INTERNAL
Corporate Restructuring; Informal) CORPORATE RESTRUCTURING,
Adjudication of Merger; and for Name) INFORMAL ADJUDICATION OF
Change) MERGER, AND NAME CHANGE

ISSUED: February 5, 2014

BACKGROUND

On December 19, 2013, 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”) (collectively, “Applicants”) filed a joint application for Commission approval for (1) internal corporate restructuring and informal adjudication of merger, and (2) name change, pursuant to Utah Code Ann. §§ 54-4-28 (merger, consolidation, or combination), 54-4-29 (acquiring voting stock or securities of like utility), and 54-4-30 (acquiring properties of like utility), and Utah Admin. Code R746-349-7 (informal adjudication of merger and acquisition transactions).¹ Applicants explain that QCC is certificated in Utah as a Competitive Local Exchange Carrier (“CLEC”) and Interexchange Carrier (“IXC”), and QLDC and ECI are each an IXC.² Applicants request immediate approval of the proposed transaction so the new corporate structure can be effective on April 1, 2014.³

¹ See Joint Application, filed December 19, 2013.

² See id. at 1 n.2.

³ See id. at 2.

On December 26, 2013, the Commission issued a notice of filing and comment period, setting January 24, 2014, as the deadline for comments on the application.⁴ On January 10, 2014, the Division of Public Utilities (“Division”) filed a recommendation to approve the application.⁵ No other comments were received.

On January 27, 2014, the Commission held a hearing on this matter.⁶ Torrey R. Somers appeared on behalf of CenturyLink, along with James Farr, witness.⁷ Patricia Schmid appeared on behalf of the Division, along with Casey J. Coleman, witness.⁸ Mr. Farr and Mr. Coleman each testified in support of the application and stated that approving the application is in the public interest.⁹ No one appeared to voice opposition to the proposed application.¹⁰

1. Internal Corporate Restructuring and Informal Adjudication of Merger

Applicants request all approvals necessary to effectuate an internal corporate restructuring of Applicants’ CLEC and IXC subsidiaries and affiliates. Applicants state “[t]his is a purely internal transaction to CenturyLink....”¹¹

a. Step 1: QCC and its interests will be transferred to CenturyLink, Inc., becoming a direct, wholly-owned subsidiary of CenturyLink, Inc.

As a first step in the internal corporate restructuring, QCC, which is currently an indirect subsidiary of CenturyLink, Inc., will become a direct, wholly-owned subsidiary of

⁴ See Notice of Filing and Comment Period, issued December 26, 2013.

⁵ See Division Memorandum, filed January 10, 2014.

⁶ See Transcript of Hearing, dated January 27, 2014.

⁷ See *id.* at 4; lines 17-19. Also appearing by phone were Lisa Andrell and Robert Brigham, both for CenturyLink. See *id.* lines 19-21.

⁸ See *id.* at 5; lines 6-9.

⁹ See *id.* at 8; lines 22-24. See also *id.* at 15; lines 10-12.

¹⁰ See *id.* at 16; lines 10-14.

¹¹ Joint Application at 1.

CenturyLink, Inc.¹² QCC will be the only CenturyLink, Inc. affiliate with both CLEC certificates of public convenience and necessity and the ability to operate as an IXC in all 50 states, the District of Columbia, and Puerto Rico.¹³

b. Step 2: QLDC and ECI merge into QCC

After QCC becomes a direct subsidiary of CenturyLink, Inc., the IXC affiliates of CenturyLink, Inc. will merge into QCC, liquidating and distributing assets and liabilities to QCC.¹⁴ Upon consummation of the reorganization, the merged operations will be QCC operations; the customers of QLDC and ECI will be customers of QCC and QCC will be their sole provider.¹⁵ For Utah, QCC will become a direct subsidiary of CenturyLink, Inc. QLDC and ECI, the two Utah IXC affiliates, will be merged into QCC.¹⁶

As noted above, Applicants intend to make these internal corporate changes effective April 1, 2014. Applicants assert the reorganization of the affiliated CLEC and IXC entities into one entity is in the public interest.¹⁷ This *pro forma* internal corporate restructuring will consolidate these entities into one company which will allow CenturyLink to increase efficiencies, reduce administrative burdens associated with the current structure and operations, and compete more effectively.¹⁸

¹² See id. at 4.

¹³ See id. at 1-2.

¹⁴ See id. at 2.

¹⁵ See id.

¹⁶ See id.

¹⁷ See Joint Application at 2.

¹⁸ See id.

Applicants state the proposed internal corporate transactions will be transparent to Applicants' customers.¹⁹ There will be no change in the rates and other terms or conditions or billing for any of the Applicants' services as a result of the internal corporate transactions.²⁰ CLEC and IXC services will continue to be provided pursuant to the same contract or price lists currently in place.²¹ The proposed internal corporate restructuring that is the subject of this application will not involve or have any impact on the customers or operations of Qwest Corporation d/b/a CenturyLink QC, the Applicants' affiliated incumbent local exchange carrier in Utah.²²

2. Name Change

Also, on April 1, 2014, QCC will change its name to CenturyLink Communications, LLC. Like QCC, CenturyLink Communications, LLC will operate with the common "CenturyLink" brand.²³ Applicants will file evidence that QCC's name was changed to CenturyLink Communications, LLC after such filing is made with the Utah Secretary of State.²⁴

STANDARD OF REVIEW

Pursuant to Utah Admin Code R746-349-7, "[i]f no objection to [a] proposed transaction[, involving merger, stock acquisition, or acquiring properties,] is submitted in any filed comments or reply comments, the Commission will presume that approval of the transaction is in the public interest and use the information contained in the application and

¹⁹ See id.

²⁰ See id.

²¹ See id.

²² See id. at 2-3.

²³ See Joint Application at 5.

²⁴ See id.

DOCKET NO. 13-2204-02

- 5 -

accompanying documents as evidence to support a Commission order.” Utah Admin Code R746-349-7(A)(3). As noted above, no comments were received in opposition of the Application.

ORDER

Having reviewed the application, the Division’s recommendation, and there being no opposition filed, the Commission finds approval of the application to be just and reasonable, and in the public interest. Accordingly, we approve the application.

DATED at Salt Lake City, Utah, this 5th day of February, 2014.

/s/ Melanie A. Reif
Administrative Law Judge

Approved and confirmed this 5th day of February, 2014, as the Report and Order issued by the Public Service Commission of Utah.

/s/ Ron Allen, Chairman

/s/ David R. Clark, Commissioner

/s/ Thad LeVar, Commissioner

Attest:

/s/ Gary L. Widerburg
Commission Secretary
DW#250821

Notice of Opportunity for Agency Review or Rehearing

Pursuant to Utah Code Ann. §§ 63G-4-301 and 54-7-15, a party may seek agency review or rehearing of this order by filing a request for review or rehearing with the Commission within 30 days after the issuance 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 Ann. §§ 63G-4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on the 5th day of February, 2014, a true and correct copy of the foregoing was delivered upon the following as indicated below:

By Electronic-Mail:

Torry R. Somers (torry.r.somers@centurylink.com)
Counsel for CenturyLink

Patricia Schmid (pschmid@utah.gov)
Justin Jetter (jjetter@utah.gov)
Brent Coleman (brentcoleman@utah.gov)
Utah Assistant Attorneys General

By Hand-Delivery:

Division of Public Utilities
160 East 300 South, 4th Flr.
Salt Lake City, Utah 84114

Office of Consumer Services
160 East 300 South, 2nd Flr.
Salt Lake City, Utah 84114

Administrative Assistant