



State of Utah  
Department of Commerce  
Division of Public Utilities

FRANCINE GIANI  
*Executive Director*

THOMAS BRADY  
*Deputy Director*

CHRIS PARKER  
*Director, Division of Public Utilities*

GARY HERBERT.  
*Governor*  
GREG BELL  
*Lieutenant Governor*

**MEMORANDUM**

**To:** Public Service Commission

**From:** Division of Public Utilities  
Chris Parker, Director  
Bill Duncan, Telecommunications / Water Manager  
Ron Slusher, Utility Technical Consultant

**Date:** April 30, 2013

**Re:** In the Matter of the Notification by Ionex Communications North, Inc. dba Birch Communications and Covista, Inc. of the Transfer of Customers and Assets, Docket Number 13-2563-02.

---

**RECOMMENDATION (Acknowledgement):**

The Division of Public Utilities ("Division") has reviewed the joint application between Ionex Communications North, Inc. dba Birch Communications and Covista, Inc. and believes that the transfer of control is in the public interest. Because Covista, Inc. is not a regulated telecommunications provider under the rules set forth in the "Utah Code Title 54 Public Utilities Statutes and Public Service Commission Rules", the Division recommends the Public Service Commission of Utah ("Commission") acknowledge this notification.

**EXPLANATION:**

On or about April 08, 2013, Ionex Communications North, Inc. dba Birch Communications ("Ionex") and Covista, Inc. ("Covista") (together the "Applicants") notified the Commission of a transaction, which will result in a transfer of control of Ionex to Covista. The Division has reviewed the notification and found the following:

Ionex is a South Dakota corporation headquartered at 2300 Main Street, Suite 340, Kansas City, MO 64108. Ionex was granted a Certificate of Public Convenience and Necessity to Provide Resold and Facilities-Based Local Exchange Telecommunications Service within the State of Utah on April 05, 2013 Docket Number 13-2563-01 certificate number 2563.

Covista is a New Jersey corporation with headquarters at 225 East 8th Street, Suite 400, Chattanooga, TN, 37402. Covista is currently registered with the state of Utah as a long distance provider and serves approximately 60 lines in the state.

On November 30, 2012, Ionex's parent company, Birch Communications, Inc. and Covista entered into an asset purchase agreement whereby Birch Communications will purchase certain assets and customers of Covista. The transfer of Utah customer base occurred April 08, 2013. The purchase of assets will affect all of Covista's current Utah customers, none of whom will experience any material change to their rates, terms and conditions of their services as a result of this purchase. After the purchase agreement has been completed, Covista will not have any customers in the state of Utah.

The Applicants submit that the transaction described herein will serve the public interest. The Applicants expect that the merger will enable the combined entities to better meet the needs of enterprises, wholesale buyers, and other customers. The transaction will bring together two successful carrier organizations that have proven themselves in a highly competitive marketplace. The transaction will help create a stronger competitor by bringing together each organization's respective strengths.

The Applicants further submit that the transaction will be conducted in a manner that will be largely transparent to their customers. Covista's current customers will be given prior written notice of the transfer of their account to Ionex, in compliance with state and federal customer notice rules.

The Division has reviewed the joint application between Ionex Communications North, Inc. dba Birch Communications and Covista, Inc. and believes that the transfer of control is in the public interest. Because Covista, Inc. is not a regulated telecommunications provider under the rules set forth in the "Utah Code Title 54 Public Utilities Statutes and Public Service Commission Rules", the Division recommends the Public Service Commission of Utah ("Commission") acknowledge this notification..

Cc. Angela F. Collins, Counsel for Ionex Communications North, Inc. dba Birch Communications  
Norman Klugman, Acting President, Covista, Inc.  
Justin Jetter, Assistant Attorney General, State of Utah  
Patricia Schmid, Assistant Attorney General, State of Utah  
Cheryl Murray, Utility Analyst, Office of Consumer Services, State of Utah