

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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In the Matter of the Application
of Windstream Holdings, Inc.;
McLeodUSA Telecommunications
Services, LLC; PAETEC
Communications, Inc.; Windstream Docket No. 14-2236-02
Communications, Inc.; Windstream
NTI, Inc.; Windstream NuVox, Inc.;
and Talk America Services, LLC, for
the Approval of the Transfer of
Customers to Talk America Services,
LLC

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HEARING PROCEEDINGS  
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TAKEN AT: Public Service Commission
 Hearing Room 451
 160 East 300 South
 Salt Lake City, Utah

DATE: Tuesday, November 18, 2014

TIME: 10:30 a.m.

REPORTED BY: Scott M. Knight, RPR

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A P P E A R A N C E S

ADMINISTRATIVE LAW JUDGE: MELANIE A. REIF
FOR DIVISION OF PUBLIC UTILITIES:

JUSTIN C. JETTER, ESQ.,
ASSISTANT ATTORNEY GENERAL
160 East 300 South, Fifth Floor
Salt Lake City, Utah 84114

FOR TALK AMERICA SERVICES, LLC:

WILLIAM J. EVANS, ESQ.,
PARSONS, BEHLE & LATIMER
201 South Main Street, Suite 1800
Salt Lake City, Utah 84111

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1 PROCEEDINGS

2 THE HEARING OFFICER: We're on the record.

3 Good morning. I'm Melanie Reif, ALJ with the Utah
4 Public Service Commission. And this is Docket 14-2236-02.
5 And in short, this particular docket involves a request for
6 transfer of Windstream's customers to Talk America Services,
7 LLC.

8 Let's start with notices of appearance.

9 MR. EVANS: Good morning. I'm William Evans of
10 Parsons, Bailey & Latimer here for the joint applicants.

11 THE HEARING OFFICER: And Mr. Evans, do you wish
12 to identify the caller?

13 MR. EVANS: Yes. Thank you. On the line is Cesar
14 Caballero from Windstream.

15 THE HEARING OFFICER: Mr. Jetter?

16 MR. JETTER: And I'm Justin Jetter representing
17 the Utah Division of Public Utilities. And with me is Ron
18 Slusher, utility technical consultant for the Utah Division
19 of Public Utilities.

20 THE HEARING OFFICER: Welcome again, everyone.
21 And Mr. Evans, back to you.

22 MR. EVANS: Thank you.

23 We're here on the application of Windstream for
24 permission from the Utah Public Service Commission to
25 transfer residential customers from Windstream--excuse

1 me--the Windstream Companies to Talk America Services, LLC.
2 We have filed an application for approval of transfer of
3 customers, along with an exhibit which is the sample
4 customer transfer notice. We would ask that your Honor take
5 administrative notice of the application and the exhibit at
6 this point.

7 THE HEARING OFFICER: Any objection?

8 MR. JETTER: No objections from the Division.

9 THE HEARING OFFICER: It is accepted.

10 MR. EVANS: Thank you.

11 On the phone today is Cesar Caballero, who is
12 serving as a witness for Windstream. And if it please your
13 Honor, we call him now.

14 THE HEARING OFFICER: Mr. Caballero, good morning.

15 MR. CABALLERO: Good morning.

16 THE HEARING OFFICER: And are you ready to testify
17 again this morning?

18 MR. CABALLERO: Yes, your Honor.

19 THE HEARING OFFICER: And would you please raise
20 your right hand.

21 MR. CABALLERO: It is raised.

22 THE HEARING OFFICER: And do you swear to tell the
23 truth during your testimony this morning?

24 MR. CABALLERO: I do.

25 THE HEARING OFFICER: Thank you very much, sir.

1 CESAR CABALLERO,
2 being first duly sworn, was examined and testified as
3 follows:

4 DIRECT EXAMINATION
5 BY MR. EVANS:

6 Q Good morning, Mr. Caballero. For the record,
7 would you please state your name, your business address, and
8 your position in the company?

9 A Yes. My name is Cesar Caballero. My business
10 address is 4001 North Rodney Parham Road, Little Rock,
11 Arkansas 72212. And I am senior regulatory counsel for
12 Windstream Corporation.

13 Q And have you reviewed the application of
14 Windstream Holdings, Inc., and the related entities that has
15 been filed in this docket?

16 A Yes, I have.

17 Q Do you have knowledge of the contents presented in
18 the application?

19 A Yes, I do.

20 Q The verification attached to the verification was
21 signed by one John P. Fletcher, executive vice president,
22 secretary, and general counsel to Windstream Holdings, Inc.
23 Have you--

24 A That's correct.

25 Q --have you been designated and authorized by

1 Windstream to serve as the witness for them for purposes of
2 this hearing?

3 A Yes.

4 Q And for the purposes of your testimony in this
5 matter today, do you adopt as your own the statements made
6 in Windstream's application?

7 A Yes.

8 Q And are those statements true and correct, to the
9 best of your knowledge?

10 A Yes.

11 Q Are there any changes or corrections that should
12 be made to the application?

13 A No.

14 Q Do you have a copy of the application in front of
15 you?

16 A Yes, I do.

17 Q If you would look at page 4, please, the paragraph
18 7, it states that--

19 A Okay. I'm--I'm there.

20 Q --Windstream is planning an intra-corporate
21 transaction, which is identified as the transaction in which
22 the business will be divided into two units. And that
23 paragraph describes the transaction in which the customers
24 will be transferred from existing Windstream companies to a
25 newly formed entity designated as CSL. Is that correct?

1 A That's correct.

2 Q Is Windstream asking the Commission to approve the
3 transfer of assets to CSL?

4 A No, Windstream is not, because none of the assets
5 that will be transferred from Windstream to CSL are
6 physically located in the state of Utah. So we are not
7 asking the Commission to approve that part of the
8 transaction.

9 Q As part of this transaction, is it the plan to set
10 up a new competitive local exchange carrier to handle
11 Windstream's residential telecommunication service in Utah?

12 A Yes. We will be--as the application states, Talk
13 America Services, LLC, will be the CLEC in the state
14 providing service to Utah's residential customers. And Talk
15 America Services has applied to the Commission for a CPCN to
16 provide those services in Utah.

17 Q And assuming the CPCN is granted, is it the plan
18 to accomplish the transfer of residential customers to Talk
19 America?

20 A Yes.

21 Q Do you know whether there has been any opposition
22 to Windstream's application to transfer customers to Talk
23 America?

24 A No, not that I'm aware of.

25 Q Can you describe, please, why you believe it would

1 be in the public interest for the Commission to approve the
2 transfer of customers from Windstream to Talk America?

3 A Yes. As an initial matter, let me say that the
4 transfer of Windstream's residential customers will not have
5 any impact on the current Windstream CLEC service
6 obligations or tariffs as it relates to business customers.
7 Windstream will continue to be the carrier of record for
8 those customers, and we will continue to comply with all our
9 regulatory requirements.

10 As it relates to the residential customers, the
11 terms of service and rates will remain unchanged as a result
12 of the transaction and as a result of the transfer. Any
13 future rate changes will continue to be subject to the same
14 rules and procedures as they are now. The transaction is
15 meant to increase efficiencies, encourage innovation, and
16 reduce cost of providing service to Utah's residential
17 customers.

18 The transfer of customers from the Windstream
19 entities to Talk America will allow those customers to take
20 advantage of those efficiencies while they continue to
21 receive the same high-quality telecommunication services
22 without interruption. In the end, the transfer is in the
23 public interest because Talk America will be in that
24 position to provide residential customers with better-
25 quality services at the competitive prices.

1 Q Thank you.

2 Mr. Caballero is now available for cross.

3 THE HEARING OFFICER: Mr. Jetter?

4 MR. JETTER: No questions for the Division.

5 THE HEARING OFFICER: Thank you. Mr. Jetter, you
6 may present--

7 MR. JETTER: Thank you. The Division would like
8 to call Ron Slusher.

9 THE HEARING OFFICER: Good morning, Mr. Slusher.

10 MR. SLUSHER: Good morning.

11 THE HEARING OFFICER: Are you prepared to testify?

12 MR. SLUSHER: Yes.

13 THE HEARING OFFICER: And will you raise your
14 right hand. Do you swear the testimony you will give this
15 morning is the truth?

16 MR. SLUSHER: Yes.

17 THE HEARING OFFICER: Thank you.

18 RONALD SLUSHER,

19 being first duly sworn, was examined and testified as
20 follows:

21 DIRECT EXAMINATION

22 BY MR. JETTER:

23 Q Mr. Slusher, would you please state your name and
24 occupation for the record?

25 A Name is Ron Slusher, S-l-u-s-h-e-r, and I'm a

1 utility technical consultant for the Utah Division of Public
2 Utilities.

3 Q Thank you. And Mr. Slusher, have you reviewed the
4 application in this docket along with Exhibits A and B?

5 A I have.

6 Q And after reviewing those, did you prepare a
7 document that's title "Memorandum" and dated October 23rd,
8 2014?

9 A I did.

10 Q And is there anything in that memorandum that you
11 would like to modify, edit, or update today?

12 A No.

13 Q And does that remain the accurate recommendation
14 of the Division that recommends approval of this
15 application?

16 A Yes, it does.

17 MR. JETTER: At this time I'd like to move to
18 enter this into the record.

19 THE HEARING OFFICER: Any objection?

20 MR. EVANS: No objection.

21 THE HEARING OFFICER: So admitted.

22 MR. JETTER: Thank you.

23 BY MR. JETTER:

24 Q Do you believe that approval of the application to
25 transfer these customers is just, reasonable, and in the

1 public interest?

2 A Yes.

3 Q And finally, are you aware of any opposition to
4 the application to transfer these customers?

5 A I have not seen or heard of any opposition.

6 Q Thank you.

7 I have no further questions.

8 THE HEARING OFFICER: Thank you, Mr. Jetter.
9 Any questions for Mr. Jetter's witness?

10 MR. EVANS: No questions. Thank you.

11 THE HEARING OFFICER: Okay. Thank you.

12 As the parties know--and actually, let me back up
13 just one quick--one moment. Always not as apparent when
14 you're reading the transcript that what's true for us who
15 can observe what's happening in the hearing room is obvious,
16 but just for the record, is there anyone here who wishes to
17 make a statement who has not already done so, or any
18 objection, concerning the pending application?

19 Hearing none, the Commission will take this matter
20 under advisement, and notes for the parties that when a
21 proposed transaction such as this is presented to the
22 Commission without opposition, the order approving the
23 request will be issued. So if there's anything further,
24 please let me know; otherwise, this matter will be adjourned
25 and an order will be forthcoming.

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MR. EVANS: Thank you.

THE HEARING OFFICER: Okay. You're very welcome.

Thanks, and have a nice day.

(Proceedings concluded at 10:41 a.m.)

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CERTIFICATE

This is to certify that the foregoing proceedings were taken before me, SCOTT M. KNIGHT, a Registered Professional Reporter and Notary Public in and for the State of Utah, residing at South Jordan, Utah;

That the proceedings were reported by me in stenotype and thereafter caused by me to be transcribed into typewriting, and that a full, true, and correct transcription of said proceedings so taken and transcribed is set forth in the foregoing pages, inclusive.

I further certify that I am not of kin or otherwise associated with any of the parties to said cause of action, and that I am not interested in the event thereof



Scott M. Knight

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