



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
SPENCER J. COX
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 05, 2016

Re: In Matter of the Notification of the Indirect Transfer of Control of XO Communications Services, LLC from XO Holdings to Verizon Communications, Inc.,
Docket Number 16-2208-0.1

RECOMMENDATION (Approve):

The Division of Public Utilities (“Division”) has reviewed the joint application between XO Communications Services, LLC and Verizon Communications, Inc., and believes that the public interest will be promoted by recommending that the Public Service Commission (“Commission”) allow the this Transfer of Control. As a result of the acquisition, the Companies should be in a better position to provide expanded and advanced telecommunications services in the State of Utah.

The Division expects that based on history that a filing of this type and with the information submitted by the company there will be no objections or opposition to this recommendation. Therefore, the Division request that this docket be adjudicated informally in accordance with R746-110-1.

EXPLANATION:

On or about March 17, 2016, XO Communications Services, LLC, and Verizon Communications, Inc. notified the Commission of a transaction, which will result in a transfer of control of XO Communications Services, LLC to Verizon Communications, Inc.

XO Communications Services, LLC is a Delaware corporation headquartered at 13865 Sunrise Valley Drive, Hendon, VA 20171. They are a wholly-owned subsidiary of XO Holdings. XO

Communications Services, LLC is authorized to provide public telecommunications services in the State of Utah by the Commission on May 29, 1996, Docket No. 96-2208-01.

Verizon Communications, Inc. is a Delaware corporation headquartered at 140 West Street, New York City, New York 10007. In Utah, Verizon's wireline business is comprised of five indirect wholly-owned subsidiaries: TTI National, Inc., Verizon Long Distance LLC and Verizon Select Services Inc., all of which hold authority from the Commission to provide resold interexchange services; MCImetro Access Transmission Services LLC d/b/a Verizon Access Transmission Services, which holds authority to provide resold and facilities-based local exchange telecommunications services; and MCI Communications Services, Inc. d/b/a Verizon Business Services, which holds authority to provide resold and facilities-based interexchange telecommunications services.

On February 20, 2016, XO Holdings and Verizon entered into an agreement pursuant to which XO Holdings will sell all of its interests in XO to Verizon. Upon completion of the transaction, XO Communications (the XO operating company certificated in Utah) will become a wholly-owned indirect subsidiary of Verizon. When the agreement is consummated, XO Communications will continue to serve its customers.

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. Operating as an integrated company will allow each of the operating companies to be more competitive and to deliver greater value and variety of services to their customers than they do individually.

The Applicants further submit that the transaction will be conducted in a manner that will be largely transparent their customers. The transaction will not result in a change of carrier for customers or any assignment of authorizations, and in no event will it result in the discontinuance, reduction, loss, or impairment of service to customers.

Cc. Rex Knowles, Executive Director, XO Communications Services, LLC
Deborah Kuhn, Assistant General Counsel, Verizon Communications, Inc.,
Justin Jetter, Assistant Attorney General, State of Utah
Cheryl Murray, Utility Analyst, Office of Consumer Services, State of Utah