



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
Ron Slusher, Utility Technical Consultant

Date: September 29, 2017

Re: In the Matter of the Application of Bandwidth.com CLEC, LLC for Approval to Transfer Indirect Control, Docket No. 17-2494-01.

RECOMMENDATION (Allow):

The Division of Public Utilities (“Division”) has reviewed the application of Bandwidth.com CLEC, LLC (“Bandwidth.com” or “Applicant”) and believes that the public interest will be promoted by recommending that the Public Service Commission (“Commission”) allow this Transfer of Control.

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 requests that this docket be adjudicated informally in accordance with R746-110-1.

EXPLANATION:

On or about September 11, 2017, Bandwidth.com CLEC, LLC notified the Commission of a transaction, which will result in an indirect transfer of control to David A. Morken. Mr. Morken is the Cofounder, Chief Executive Officer, and Chairman of Bandwidth.

Bandwidth.com CLEC, LLC is a Delaware limited liability corporation headquartered at 900 Main Campus Drive, Suite 500, Raleigh, North Carolina, 27606. It is a wholly-owned subsidiary of Bandwidth. Bandwidth.com was authorized to provide public telecommunications services in the State of Utah by the Commission on April 03, 2008, under Docket Number 08-2494-01.

On August 16, 2017, Bandwidth, the parent company, filed with the Securities and Exchange Commission a plan for an IPO of Bandwidth. This IPO will include a restructuring of stock, which will result in Mr. Morken obtaining a majority of the voting power of the outstanding Bandwidth stock. As a result of this restructuring Mr. Morken will indirectly control Bandwidth.com. The issuance of the IPO is not expected to result in any new equity owners, just a change in the voting power of its current ownership.

The Applicants submit that the transaction described herein will serve the public interest. The IPO is expected to provide Bandwidth.com with a new infusion of capital and with greater flexibility for corporate and financial transactions, which will allow it to become a stronger competitor. The IPO will not affect the technical or managerial qualifications of Bandwidth CLEC, which will continue to be managed by its highly qualified and experienced management team.

The Applicants further submit that the transaction will be conducted in a manner that will be largely transparent to 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. William J. Evans, Counsel for Applicant, Parsons Behle & Latimer
W. Christopher Matton, General Counsel for Bandwidth.com CLEC, LLC
Tamer Finn, Esq. Counsel for Applicant, Morgan, Lewis & Bockius LLP
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