



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: November 08, 2017

Re: In the Matter of the Joint Application of Telequality Communications, Inc. and Education Networks of America, Inc. for Informal Adjudication of Indirect Transfer of Control, Docket Number 17-2500-01.

RECOMMENDATION (Allow):

The Division of Public Utilities (“Division”) has reviewed the joint application between Telequality Communications, Inc. and Education Networks of America, 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 October 20, 2017, Telequality Communications, Inc. (“Telequality”) and Education Networks of America, Inc. (“Education Networks”) notified the Commission of a transaction, which will result in a transfer of control of Telequality to Education Networks.

Telequality Communications, Inc. is a Texas corporation headquartered at 21202 Gathering Oak, San Antonio, TX 78260. Telequality is authorized to provide public telecommunications services in the State of Utah by the Commission on February 25, 2009, Docket No. 05-2500-01. Telequality states that it is not currently serving any customers in the State of Utah.

Education Networks of America, Inc. is a Delaware corporation headquartered at 618 Grassmere Park Drive, Suite 12, Nashville, TN 37211. Education Networks currently provides non-regulated communications services primarily to school districts and libraries that participate in the FCC's Schools and Libraries universal service support program, commonly known as the E-rate program. Education Networks currently serves no customers in the state of Utah.

Telequality and Education Networks have entered into an agreement pursuant to which Education Networks will acquire control of Telequality. After the closing of this Transaction, Telequality will operate as a wholly-owned subsidiary of Education Networks. Telequality will continue to operate under its existing certificate and the indirect change of control will not change the daily management or operations of Telequality.

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. 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.

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