

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Joint Application of SBC)
Communications Inc. and AT&T for Approval)
of Agreement and Plan of Merger)

DOCKET NO. 05-2427-01
ORDER APPROVING MERGER

SYNOPSIS

The Commission finds the proposed merger of SBC Communications Inc. and AT&T Corp. to be in the public interest and approves the same.

ISSUED: May 25, 2005

By The Commission:

PROCEDURAL HISTORY

On February 28, 2005, SBC Communications Inc. ("SBC") and AT&T Corp. ("AT&T"), on behalf of AT&T Communications of the Mountain States, Inc. ("AT&T-UT") and TCG Utah ("TCG"), (together hereinafter referred to as the "Parties") filed a Joint Application for Approval of Agreement and Plan of Merger ("Joint Application") seeking approval, to the extent required under *Utah Code Annotated* §§ 54-4-28, 29, and 30, of the Parties' proposed merger. On April 11, 2005, the Communications Workers of America ("CWA") filed a motion to intervene. The Commission granted intervention by Order issued on April 25, 2005. On April 28, 2005, the Division of Public Utilities ("Division") filed a memorandum of its investigation of the proposed merger recommending approval of the same.

DISCUSSION

SBC is the holding company parent of SBC Long Distance, an authorized competitive local exchange carrier ("CLEC") within Utah. AT&T is the holding company parent of AT&T-UT and TCG, both authorized CLECs in Utah. The Parties indicate that, pursuant to the proposed merger, there will be no change in the assets or ownership of AT&T-UT, TCG or any other certificated AT&T-controlled entity in Utah. Instead, the merger will effect an indirect change in the control of these certificated AT&T subsidiaries, as SBC will become the corporate parent of AT&T.

The Division notes that neither AT&T nor SBC maintains a dominant position in the Utah telecommunications market. Post-merger, the Division believes SBC's new market share in the state would remain below 4.5 percent of all lines in Utah. Therefore, the Division does not foresee significant impact on the competitive climate in the state. The Division was unsuccessful in its attempts to communicate with the CWA to determine its interest in this proceeding. The Division notes, however, that the CWA filed comments with the Federal Communications Commission ("FCC") on April 25, 2005, in which the organization voiced support for the merger. The Division quotes the CWA's FCC filing as follows:

The proposed merger will result in a financially stable, global leader in telecommunications, with the capacity to accelerate and expand the delivery of advanced technologies, services, and features to all classes of customers...The combination will result in a stronger U.S. based company than either company could be alone. This will provide AT&T and SBC employees the opportunity to share in the growth of the merged entity.

Because of these comments, the Division does not believe that the CWA opposes the merger in Utah.

The Division notes one potential impact of the proposed merger could be the loss of an advocate for CLEC issues within the state since AT&T has been an active participant in the past in a variety of cases before the Commission. However, the Division also notes AT&T's involvement in such cases has recently waned.

Utah Administrative Code Rule 746-110-1, authorizes the Commission to adjudicate a matter informally under *Utah Code Annotated* § 63-46b-5 when the Commission "determines that the matter can reasonably be expected to be unopposed and uncontested." We note that, despite the passage of almost three months since the Parties submitted their Joint Application, only one party has sought intervention and that party appears to support the proposed merger. We therefore view this matter as unopposed and uncontested and determine to proceed informally without hearing.

Based upon the evidence submitted by the Parties and the Division's recommendation, we find and conclude that the proposed merger will not harm the State of Utah, its citizens, or the Utah customers of SBC and AT&T and is in the public interest.

Wherefore, we enter the following:

ORDER

1. Tentatively approving the proposed merger of SBC Communications, Inc. and AT&T Corp.
2. Absent meritorious protest, this Order shall automatically become effective without further action twenty (20) days from the date of this Order.
3. Persons desiring to protest this Order may file said protest prior to the effective date of this Order. If the Commission finds said protest to be meritorious, the effective date shall be suspended pending further proceedings.

Pursuant to Utah Code 63-46b-12 and 54-7-15, agency review or rehearing of this order may be obtained by filing a request for review or rehearing with the Commission within 30 days after the issuance of the order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission fails to grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the Commission's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply with the requirements of Utah Code 63-46b-14, 63-46b-16 and the Utah Rules of Appellate Procedure.

DATED at Salt Lake City, Utah, this 25th day of May, 2005.

/s/ Ric Campbell, Chairman

/s/ Ted Boyer, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
G#44610