

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Joint Application of)
AT&T Inc. and BellSouth Corporation for) DOCKET NO. 06-087-02
Approval of Agreement and Plan of)
Merger) ORDER APPROVING MERGER
)

SYNOPSIS

The Commission finds the proposed merger of AT&T Inc., and BellSouth Corporation to be in the public interest and approves the same.

ISSUED: May 16, 2006

By The Commission:

PROCEDURAL HISTORY

On March 31, 2006, AT&T, Inc. (“AT&T”) and BellSouth Corporation (“BellSouth”),¹ on behalf of BellSouth Long Distance, Inc. (“BSLD”), filed a Joint Application for Approval of Merger Between AT&T, Inc. and BellSouth Corporation (“Application”) seeking Commission approval of the merger of AT&T and BellSouth to the extent such approval is necessary under *Utah Code Ann.* §§ 54-4-28, 54-4-29, or 54-4-30. Applicants attached the AT&T Inc./BellSouth Corporation Merger Agreement, dated March 4, 2006, as Exhibit E to the Application.

On May 9, 2006, the Division of Public Utilities (“Division”) filed a memorandum of its investigation of the proposed merger recommending approval of the same.

¹Hereinafter together referred to as the “Applicants”.

DISCUSSION

AT&T is a Delaware Corporation with its principal place of business in San Antonio, Texas. AT&T is the holding company parent, through intermediate subsidiaries, of: (1) SBC Long Distance LLC d/b/a AT&T Long Distance (“AT&T Long Distance”), which is authorized to provide competitive local exchange services (facilities-based and resold) and facilities-based interexchange services within the territory served by Qwest in Utah; (2) AT&T Communications of the Mountain States, Inc. (“AT&T-UT”),² which is authorized to provide competitive local exchange service, interexchange service (resale and facilities-based), and private line and access services within the territory served by Qwest in Utah, and statewide interexchange services; and (3) TCG Utah, which is authorized to provide local exchange service and other public telecommunications services (facilities-based or resold) within the territory served by Qwest in Utah. The merger will effect no change in the assets, ownership, or control of AT&T Long Distance, AT&T-UT, or TCG Utah.

BellSouth is a Georgia Corporation with its principal place of business in Atlanta, Georgia. BellSouth is the holding company parent of BSLD, which received a certificate of authority to provide facilities-based competitive local exchange services within the State of Utah, excluding those local exchanges of fewer than 5,000 access lines of incumbent telephone corporations with fewer than 30,000 access lines in the state, on September 7, 2005, in Docket No. 05-2460-01. The merger will effect no change in the assets or ownership of BSLD.

Applicants state the proposed merger will combine two holding companies, effectuating only an indirect change in the control of BSLD as AT&T will become the corporate parent of BellSouth. Applicants note that, although certificated to do so, BSLD does not provide

² In addition to Utah, AT&T-UT also serves Arizona, Colorado, Montana, New Mexico, and Wyoming.

local exchange service to any customers in Utah, and has no assets or employees in Utah. BSLD does provide a small amount of retail resold intrastate interexchange services in Utah, generating less than \$12,000 in revenue in 2005. The merger will effect no functional change to BSLD.

Applicants identify a number of benefits they believe will arise from the merger.

Applicants state the merger will position the combined companies to deliver better, more innovative products and services to businesses and consumers, and to accelerate the deployment of advanced, next-generation Internet Protocol networks and services to a greater extent than either AT&T or BellSouth could accomplish on a stand-alone basis. The Division concurs.

Utah Administrative Code Rule 746-110-1, authorizes the Commission to adjudicate a matter informally under *Utah Code Ann.* § 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 nearly two months since Applicants filed the Application, no party has sought to intervene in this docket. We therefore view this matter as unopposed and uncontested and determine to proceed informally without hearing.

Based upon the evidence submitted by Applicants and the Division’s recommendation, we find and conclude that the proposed merger will not harm and can provide benefits to the State of Utah, its citizens, or the Utah customers of AT&T, BellSouth and their subsidiaries, and is in the public interest.

Wherefore, we enter the following:

ORDER

1. Tentatively approving the proposed merger of AT&T, Inc., and BellSouth Corporation.

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 effective date 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 16th day of May, 2006.

/s/ Ric Campbell, Chairman

/s/ Ted Boyer, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary