

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

---

In the Matter of the Joint Application of Lightyear Networks Solutions, LLC., and First Communications, Inc., for Approval of a Transfer of Control	) ) ) ) ) )	<u>DOCKET NO. 06-2434-01</u>  <u>ORDER APPROVING TRANSFER OF CONTROL</u>
--	----------------------------	--

---

SYNOPSIS

The Commission finds the proposed transfer of control of Lightyear Network Solutions, LLC., to be in the public interest and approves the same.

---

ISSUED: January 25, 2007

By The Commission:

PROCEDURAL HISTORY

On November 27, 2006, Lightyear Network Solutions, LLC. (“Lightyear”) and First Communications, Inc. (“FCI”) (hereinafter jointly referred to as the “Applicants”) filed a Joint Application for Approval of a Transfer of Control Transaction (“Application”) pursuant to *Utah Code Ann.* §§ 54-4-28 and -29 seeking Commission approval of the proposed transfer of control of Lightyear to FCI. Applicants request expedited treatment of the Application prior to February 15, 2007, to enable Applicants to meet important business objectives.

On January 16, 2007, the Division of Public Utilities (“Division”) filed a memorandum of its investigation of the proposed transfer recommending approval of the same.

DISCUSSION, FINDINGS, AND CONCLUSIONS

Lightyear is a wholly-owned subsidiary of LY Holdings, LLC, a Kentucky limited liability company, which, in turn, is owned by a series of investors including LANJK,

LLC, SullivanLY, LLC, and Rice-LY Ventures, LLC. Lightyear holds domestic and international Section 214 authorizations from the FCC and is authorized to provide local exchange telecommunications services in 44 states and long distance telecommunications services in 49 states. In Utah, Lightyear is authorized to provide facilities-based and resold local exchange and interexchange telecommunications services pursuant to Certificate of Public Convenience and Necessity issued in Docket No. 04-2434-01 on April 7, 2005.

FCI has been formed in order to facilitate a transaction whereby Lightyear, First Communications, LLC (“First Communications”), a privately held Ohio limited liability company providing local, private line and long distance services to both business and residential customers in several states<sup>1</sup>, and Xtension Services, Inc. (“Xtension”), a Delaware corporation authorized to provide long distance telecommunications services in 13 states and local exchange services in New Jersey, will become an integrated telecommunications company. Each of the three companies will continue to operate pursuant to their existing certificates and tariffs.

According to the Division, other than the insertion of a publicly-traded holding company as the ultimate parent of Lightyear, First Communications, and Xtension, the proposed transaction will not have any significant impact on the Commission’s regulatory oversight of the Applicants. Applicants expect there will not be any new controlling individual or entity for the Commission to review and approve since the ownership of the FCI holding company will be widely held at the time of the transfer, with an estimated 72% of the shares publicly offered to new investors and the remaining shares held by existing owners and founders/management of the

---

<sup>1</sup>In Utah, First Communications provides resold interexchange telecommunications services.

three companies. Moreover, the transaction will not result in any assignment or transfer of certificates, assets or customers of Lightyear, First Communications, and Xtension. All three operating companies will continue to provide service to their existing customers in Utah pursuant to their existing authorizations and at the same rates, terms and conditions such that the transaction will be transparent to their customers. The integrated company will continue to be run by the same management, operational and technical personnel who operate the three companies today.

Applicants assert that immediately following consummation of the proposed transaction Lightyear and First Communications will continue to offer service to existing customers with no change in their rates, terms or conditions of service. Therefore, the transfer of control of Lightyear will be seamless and virtually transparent to consumers in Utah. Applicants believe the transfer of control will serve the public interest by bringing together three successful carrier organizations that have proven themselves in a highly competitive marketplace. Moreover, FCI will hold the combined managerial, operational and technical qualifications of Lightyear, First Communications, and Xtension, and will be stronger financially than any of the three individual companies, allowing these companies to be more competitive and to deliver greater value to their customers. 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 almost two months have passed since Applicants filed their Application yet no party

has sought intervention in this matter. We therefore view this matter as unopposed and uncontested and conclude it is in the public interest to proceed informally without hearing. Pursuant to Rule 746-110-2, we conclude good cause exists to waive the 20-day tentative period for an order issued in an informally adjudicated proceeding. Accordingly, this order will become effective on the date of issuance.

Based upon the evidence submitted by Applicants, as well as the Division's recommendation, and pursuant to *Utah Code Ann.* §§ 54-4-28 and -29, we find and conclude that the proposed transfer of control will not harm and can provide benefits to the State of Utah, its citizens, or to Applicants' Utah customers and is in the public interest.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that:

1. This matter be, and it is, converted to an informal proceeding pursuant to §63-46b-4(3), UCA 1953, as amended.
2. The proposed transfer of control of Lightyear Network Solutions, LLC., is approved.
3. The approval granted herein is effective as of the date of this Order.

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

DOCKET NO. 06-2434-01

-5-

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 25<sup>th</sup> day of January, 2007.

/s/ Ric Campbell, Chairman

/s/ Ted Boyer, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard  
Commission Secretary  
G#52178