

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Joint Application of)
DIECA Communications, Inc., d/b/a Covad) DOCKET NO. 07-2277-01
Communications Company, and CCGI)
Holding Corporation for Approval of an)
Indirect Transfer of Control of DIECA) ORDER APPROVING TRANSFER OF
Communications, Inc., d/b/a Covad) CONTROL
Communications Company, to CCGI)
Holding Corporation)

SYNOPSIS

The Commission finds the proposed transfer of control of DIECA Communications, Inc., d/b/a Covad Communications Company, to be in the public interest and approves the same.

ISSUED: February 20, 2008

By The Commission:

PROCEDURAL HISTORY

On December 20, 2007, DIECA Communications, Inc. ("DIECA"), d/b/a Covad Communications Company ("Covad"), and CCGI Holding Corporation ("CCGI Holding") (hereinafter jointly referred to with DIECA as "Applicants") filed a Joint Application pursuant to *Utah Code Ann.* §§ 54-4-28 and -29 seeking Commission approval of a transaction that will result in an indirect transfer of control of Covad to CCGI Holding.

On February 5, 2008, 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

DIECA, which does business in Utah as Covad, is a Virginia corporation and is a wholly owned subsidiary of Covad Communications Group, Inc. (“CCGI”), a publicly held Delaware company. Covad is a nationwide provider of integrated voice and data communications. The company offers DSL, Voice Over IP, T1, Web hosting, managed security, IP and dial-up, wireless broadband, and bundled voice and data services directly through Covad's network and through Internet Service Providers, value-added resellers, telecommunications carriers and affinity groups to small and medium-sized businesses and home users. Covad broadband services are currently available across the nation in 44 states and 235 Metropolitan Statistical Areas and can be purchased by more than 57 million homes and businesses, which represent over 50 percent of all US homes and businesses.

In Utah, Covad is authorized to provide switched and dedicated, local intraexchange and interexchange services, both facilities based and resold telecommunications services within the state pursuant to Commission authority dated October 28, 1999, in Docket No. 99-2277-01. Covad is also authorized by the Federal Communications Commission (“FCC”) to provide international and domestic interstate telecommunications services as a non-dominant carrier.

CCGI Holding is a Delaware corporation ultimately controlled by Platinum Equity LLC (“Platinum”). Platinum is a privately held Delaware limited liability company specializing in the merger, acquisition and operation of companies that provide services and

solutions to customers in a broad range of business markets, including information technology, telecommunications, logistics, manufacturing, and entertainment distribution.

Platinum indirectly controls several other telecommunications carriers: Startec Global Operating Company (“Startec”); Matrix Telecom, Inc. (“Matrix”); and Americatel Corporation (“Americatel”). Startec provides long distance, Internet, and other communications services in over 45 states and internationally. Matrix provides integrated communications services including local, 1+ long distance and toll-free voice services plus a wide range of data services, such as dedicated Internet access, frame relay and point-to-point transmission services, chiefly to enterprise customers. Americatel provides international and domestic facilities-based and resold long distance services, including “dial around” casual calling (i.e., 1010XXX) service and presubscribed 1+ calling services, in each of the 48 contiguous states, with a particular emphasis on serving the needs of United States customers with connections to Latin America and the Caribbean.

Neither CCGI Holding nor Platinum offer any regulated telecommunications services and therefore do not hold any telecommunications authorizations from the FCC or any state regulatory authority.

Platinum has created CCGI Merger Corporation (“CCGI Merger”) and CCGI Holding for the purpose of acquiring CCGI, the parent of Covad. CCGI Merger is a wholly-owned subsidiary of CCGI Holding. Pursuant to the Agreement and Plan of Merger dated October 28, 2007, by and among CCGI Merger, CCGI Holding and CCGI, CCGI Merger will merge with CCGI, with CCGI surviving. As a result, CCGI Holding will acquire indirect control

of Covad. Applicants, therefore, request authority for the indirect transfer of control of Covad to CCGI Holding.

Applicants assert the proposed transaction will serve the public interest because Covad will continue to provide high-quality telecommunications services to consumers while gaining critically important access to the additional resources and operational expertise of Platinum. Covad will therefore have the ability to become a stronger competitor, to the ultimate benefit of consumers. Further, Covad will not change its name or its rates, terms or conditions of service as an immediate result of the transfer of control. The transfer will therefore be transparent to consumers.

The Division concludes the change in majority ownership will not affect the services, terms, and conditions offered by Covad to its retail customers. Moreover, the proposed transfer will help Covad gain access to additional capital, as well as the resources and operational expertise of CCGI Holding, the new parent company. Therefore, the Division sees no reason to object to the Joint Application.

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 in the months since filing of the Joint Application 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, and to Applicant's 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 indirect transfer of control of DIECA Communications, Inc., d/b/a Covad Communications Company, 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 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

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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 20th day of February, 2008.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
G#56297