

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Joint
 Petition of SBC Telecom, Inc.)
 and Southwestern Bell)
 Communications Services Inc.)
 d/b/a/ SBC Long Distance for)
 Approval of a Proposed)
 Corporate Reorganization

DOCKET NO. 04-2427-04

REPORT AND ORDER

ISSUED: March 4, 2005

SYNOPSIS

The Commission finds the proposed corporate reorganization of SBC Telecom, Inc. and Southwestern Bell Communications Services Inc. d/b/a SBC Long Distance to be in the public interest and approves the same.

By The Commission:

PROCEDURAL HISTORY

On November 18, 2004, SBC Telecom, Inc. ("SBC Telecom") and Southwestern Bell Communications Services Inc. d/b/a SBC Long Distance ("SBC Long Distance") (together "Petitioners"), filed their Joint Petition for Approval of Corporate Reorganization with the Public Service Commission of Utah ("Commission") seeking approval of the corporate reorganization and consolidation of SBC Telecom and SBC Long Distance. On February 16, 2005, the Division of Public Utilities ("Division") submitted its Memorandum recommending approval of the Joint Petition.

DISCUSSION

SBC Telecom is a certificated competitive local exchange carrier ("CLEC") in the State of Utah, having received a Certificate of Public Convenience and Necessity from the Commission on May 10, 2000, in Docket No. 99-2301-01, as altered by the Amended Report and Order dated February 23, 2001, in the same docket. As a certificated CLEC,

SBC Telecom is authorized to provide local exchange and interexchange services and other public telecommunications services, including facilities-based and resold services, anywhere in the State of Utah except in local exchanges with fewer than 5,000 access lines owned or controlled by incumbent telephone corporations with fewer than 30,000 access lines in Utah. SBC Telecom is a party to an Interconnection Agreement with Qwest Corporation, Inc., which was approved by the Commission August 16, 2000, in Docket No. 00-049-40 and amended and approved September 10, 2001, in Docket No. 01-049-56.

SBC Long Distance is also a certificated CLEC in the State of Utah, having received a Certificate of Public Convenience and Necessity from the Commission on September 22, 2004, in Docket Nos. 04-2427-01 and 04-2427-02. SBC Long Distance is also authorized to provide local exchange and interexchange services, including facilities-based and resold services, within in the State of Utah excluding those local exchanges of less than 5,000 access lines of incumbent telephone corporations with fewer than 30,000 access lines in Utah.

SBC Telecom and SBC Long Distance are wholly owned subsidiaries of SBC Communications Inc. ("SBC").

In the proposed reorganization, SBC Long Distance will take over the operations, assets, and liabilities of SBC Telecom as follows:

1. SBC Long Distance will become a wholly-owned subsidiary of SBC Telecom;
2. SBC Long Distance will be converted from a corporation to a limited liability company;

3. SBC Telecom will transfer its assets, liabilities, and all operations to SBC Long Distance, including its voice and data switches, customer contracts/service orders, real estate leases, receivables and employees;
4. SBC Telecom's Interconnection Agreement with Qwest Corporation, Inc. and its price lists filed with the Commission will be transferred to SBC Long Distance;
5. SBC Telecom will become a wholly-owned subsidiary of SBC Teleholdings, Inc., a wholly-owned subsidiary of SBC;
6. SBC Telecom's Certificate of Public Convenience and Necessity will be cancelled so that SBC Long Distance will be the only SBC affiliate with a certificate in Utah.

The Division recommends that the Commission approve the proposed reorganization as in the public interest, noting that it is likely to create administrative efficiencies, minimize the possibility of customer confusion, promote continuity of services, and offer a full range of services under a single company name. The Division questioned Petitioners whether "SBC Long Distance" is an appropriate name for a company offering local exchange service and was informed that the name will likely be changed at a later date. The Division notes that services currently provided to SBC Telecom subscribers will continue to be offered by SBC Long Distance at existing rates and conditions pursuant to the SBC Telecom price lists assigned to SBC Long Distance. The Division also notes Petitioners' assurance that customers will receive appropriate and timely notice of SBC Long Distance's change to a limited liability company in compliance with state and federal requirements. The notice will also state that the proposed consolidation will be completed and service begun under the name of SBC Long Distance on or about March 31, 2005.

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 more than three months since the Petitioners submitted their request, no one has yet appeared in opposition to the Petition. We therefore view this matter as unopposed and uncontested and determine to proceed informally without hearing.

FINDINGS AND CONCLUSIONS

1. The Commission finds and concludes that the proposed reorganization will create administrative efficiencies, minimize the possibility of customer confusion, promote continuity of services, and offer a full range of services under a single company name.
2. The Commission finds and concludes that after the corporate reorganization, SBC Long Distance will continue to have the technical, financial, and managerial expertise to provide public telecommunications services in Utah.
3. Pursuant to *Utah Code Ann.* ' 54-4-28, the Commission finds and concludes that the corporate reorganization and transfer of assets, liabilities, and operations from SBC Telecom to SBC Long Distance are in the public interest.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that:

1. The corporate reorganization described above is tentatively approved recognizing SBC Long Distance as the SBC affiliate providing public telecommunications services in Utah pursuant to its Certificate of Public Convenience and Necessity.
2. Upon the filing of a price list with the Commission reflecting the name change

from SBC Telecom to SBC Long Distance, LLC:

- a. SBC Telecom's Interconnection Agreement and price lists shall be transferred to SBC Long Distance.
 - b. SBC Telecom's Certificate of Public Convenience and Necessity and its Indemnity Bond shall be cancelled.
3. Absent meritorious protest, this Order shall automatically become effective without further action twenty (20) days from the date of this Order.
 4. 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.
 5. Pursuant to *Utah Code Ann.* " 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 Ann.* " 63-46b-14, 63-46b-16 and the Utah Rules of Appellate Procedure.

DATED at Salt Lake City, Utah, this 4th day of March, 2005.

/s/ Ric Campbell, Chairman

/s/ Constance B. White, Commissioner

/s/ Ted Boyer, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary

G#43122