

# OPEN MEETING



**ORIGINAL**

## MEMORANDUM

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Arizona Corporation Commission  
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2008 SEP 26 P 4:39

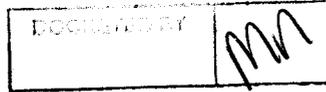
TO: THE COMMISSION

FROM: Utilities Division

SEP 26 2008

AZ CORP COMMISSION  
DOCKET CONTROL

DATE: September 26, 2008



RE: IN THE MATTER OF THE APPLICATION OF CELLCO PARTNERSHIP DBA VERIZON WIRELESS FOR A FINDING OF NO JURISDICTION, OR, IN THE ALTERNATIVE, A WAIVER OF THE AFFILIATED INTERESTS RULES PURSUANT TO A.A.C. R14-2-806, OR IN THE ALTERNATIVE, APPROVAL PURSUANT TO A.A.C. R14-2-803 (DOCKET NOS. T-20598A-08-0327 AND T-03887A-08-0327)

### **A. Introduction**

On June 27, 2008, Cellco Partnership d/b/a Verizon Wireless ("Cellco") filed an application with the Arizona Corporation Commission ("Commission") with respect to a transaction by which Alltel Corporation will become an indirect, wholly-owned subsidiary of Cellco ("Merger").

Cellco seeks a finding of no Commission jurisdiction, or, in the alternative, if the Commission finds it has jurisdiction, a waiver of the Affiliated Interest Rules pursuant to Arizona Administrative Code ("A.A.C.") R14-2-806, or in the alternative, approval pursuant to A.A.C. R14-2-803.

Staff recommends approval of Cellco's Application for approval of its merger with Alltel, without a hearing.

### **B. The Parties**

Cellco is a joint venture owned 55 percent by Verizon Communications, Inc. and 45 percent by the Vodafone Group plc. Subsidiaries of Cellco are licensed by the Federal Communications Commission ("FCC") to provide service throughout Arizona. Two operating subsidiaries of Cellco provide service to Arizona customers: Verizon Wireless ("VAW") LLC and Gila River Cellular General Partnership. Verizon Wireless LLC is a wholly-owned subsidiary of Cellco Partnership, and Gila River Cellular General Partnership is a majority-owned subsidiary of Cellco Partnership.

Verizon Wireless is also an affiliate of Verizon California, an ILEC serving Parker and areas nearby in La Paz County along the western Arizona border. In Arizona, Verizon Wireless serves more than 1.4 million customers with more than 2,100 employees and has invested \$635

million since 2000. Verizon Wireless states that the investment has included new cell sites and capacity enhancements, which have brought improved coverage, call quality and network reliability, enabling customer to accomplish more through wireless means, and helping to enable new services such as BroadbandAccess, V-Cast and VZ Navigator(SM).

Alltel Corporation is incorporated under the laws of the State of Delaware and maintains its corporate headquarters in Little Rock, Arkansas. Alltel Communications, LLC, Alltel Communications of the Southwest Limited Partnership, Tucson 21 Cellular Limited Partnership, and WWC License LLC are subsidiaries of Alltel and are authorized to do business in Arizona under the Alltel or Alltel Communications brand. Alltel provides wireless voice and data communications services to over 13 million customers in 34 states. Like Verizon Wireless, Alltel provides digital wireless communications using CDMA technology.

Alltel currently serves over 485,000 customers in Arizona<sup>1</sup> and has approximately 800 employees in the State and is licensed by the Federal Communications Commission ("FCC") to provide wireless services in La Paz, Mohave, Cochise, Coconino, Yuma, Greenlee, Santa Cruz, Gila, Maricopa, Pinal, Yavapai, Pima, and Graham counties, including the Phoenix and Tucson markets<sup>2</sup>.

Alltel and its affiliate WWC License LLC ("WWC") each currently has an application for designation as an Eligible Telecommunications Carrier ("ETC") pending with the Commission.

### **C. The Transaction**

On June 5, 2008, Cellco, its wholly-owned subsidiary AirTouch Cellular ("AirTouch"), Abraham Merger Sub, Alltel and Atlantis Holdings LLC (the parent of Alltel) entered into an Agreement and Plan of Merger. Pursuant to the Merger Agreement, Abraham Merger Sub, a newly-formed, wholly-owned subsidiary of AirTouch, will merge with and into Alltel, with Alltel continuing as the surviving corporation. After the consummation of the Merger, Alltel will be a direct, wholly-owned subsidiary of AirTouch and an indirect wholly-owned subsidiary of Cellco<sup>3</sup>.

The Merger will not change the control or ownership structure of any of the Verizon Wireless operating subsidiaries. The only change that will result from the Merger is that Alltel and its subsidiaries will become indirect subsidiaries of Cellco. The Merger should be transparent and seamless for Verizon Wireless and Alltel customers who should experience no interruption or diminution in their wireless service as a result of the Merger. Verizon Wireless will assume control of Alltel and will operate in accordance with all applicable laws, rules and regulations.

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<sup>1</sup> The transfer of Alltel Communications, Inc.'s CC&N to Windstream Communications, Inc., an unaffiliated entity, was approved by Decision No. 68965 dated 9/21/06.

<sup>2</sup> A map illustrating the areas served by Verizon Wireless and Alltel Communications is located in Attachment A.

<sup>3</sup> An organizational chart depicting the transaction is set included in Attachment B.

**D. The Jurisdictional Issue**

Cellco's request for a finding of no jurisdiction should be denied. Under State law, both Verizon Wireless and Alltel Communications are public service corporations. Article 15, Section 2 defines a "public service corporation" as "[a]ll corporations other than municipal engaged in furnishing gas, oil, or electricity for light, fuel, or power; or in furnishing water for irrigation, fire protection, or other public purposes; or in furnishing, for profit, hot or cold air or steam for heating or cooling purposes; or engaged in collecting, transporting, treating, purifying and disposing of sewage through a system, for profit; **or in transmitting messages or furnishing public telegraph or telephone service**, and all corporations other than municipal, operating as common carriers, ... ." [Emphasis added]. Under Federal Law, the Commission has jurisdiction over "other terms and conditions" of wireless service. Other terms and conditions includes "transfers of control."

Cellco also argues that neither of the merging holding companies is a public service corporation, and thus the Commission's rules do not apply. However, the Affiliated Interest Rules apply to reorganizations of public utility holding companies involving Class A public service corporations such as the Applicant.

The Applicant (relying upon *Arizona Corporation Commission v. Woods*, 830 P.2d. 807 (1992)) also argues that because the Commission is preempted from regulating wireless rates and entry pursuant to 47 U.S.C. Section 332(c)(3), and the Commission's authority under Article 15 of the Arizona Constitution is strictly limited to ratemaking, the Affiliated Interest Rules do not apply. But this argument misconstrues the holding in *Woods*. The Arizona Supreme Court in *Woods* was critical of *Corporation Commission v. Pacific Greyhound* 94 P. 2d. 443 (1939) and its progeny which interpreted the Commission's constitutional authority in a much more narrow fashion than had previous cases. Not only does the Commission have exclusive ratemaking authority under Article 15, Section 3, but it has constitutional authority over non-ratemaking issues involving public service corporations as well. While the *Woods* Court acknowledged this fact in dicta, the Court did not reach this issue because it did not have to. It found that the rules were related to ratemaking, so there was no need to address the Commission's ability to adopt the rules under its non-ratemaking authority.

Moreover, both Alltel and its affiliate WWC have applications for ETC status pending before the Commission for approval.<sup>4</sup> Designation by the Commission of WWC and Alltel as an ETC will enable WWC and Alltel to obtain federal universal service fund support. The FCC's ETC Minimum Requirements Report and Order states that the FCC's permissive guidelines for state ETC designation proceedings are designed to ensure designation of carriers that are financially viable, likely to remain in the market, willing and able to provide the supported

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<sup>4</sup> See, *In the Matter of the Application of WWC License LLC (WWC-ALLTEL Corporation) for Designation as an Eligible Telecommunications Carrier and Redefinition of Rural Telephone Company Service Area*, Docket No. T-04248A-04-0239; and *In the Matter of the Application of AllTel Communications, Inc. for Designation as an Eligible Telecommunications Carrier Pursuant to Section 214(E)(2) of the Communications Act of 1934*, Docket No. T-04248A-070295.

services throughout the designated service area, and able to provide consumers an evolving level of universal service.<sup>5</sup> Ensuring financial viability is one of the principal purposes of the Affiliated Interest Rules. Even absent the ETC designation issue, ensuing financial viability is a concern of the Commission in any transfer of control between public service corporations.

Moreover, the Commission's review of any transfer of control application does not begin and end with a strict application of the Commission's Affiliated Interest rules. The Commission possesses authority pursuant to the Arizona Constitution to ensure that the transaction is in the public interest. Thus the Application is subject to review under the Commission's Constitutional powers as well.<sup>6</sup>

#### **E. Staff's Analysis**

The Applicants provided all of the information required by A.A.C. R14-2-803 (A). Staff's analysis does not reveal any concerns with the Parties' Application. The Parties represent that the following benefits will result from the merger:

- a. The two Companies have complementary service footprints, with Alltel strong in the center of the country where Verizon Wireless lacks facilities. The two Companies have network technologies that are fully compatible, allowing for rapid integration, with almost immediate resulting benefits for consumers.
- b. The Companies customers will enjoy seamless wireless coverage throughout the combined footprint. Verizon Wireless' resulting network will have substantial population coverage in every state with the exception of Alaska, where neither entity is currently licensed to operate.
- c. The transaction will allow customers of the combined entity to access millions more people "in-network" than either company offers subscribers today. Alltel's customers will also benefit from Verizon Wireless' greater assortment of available voice handsets and smart phones.
- d. For rural America, the transaction will facilitate the expansion of wireless broadband service to the rural areas that comprise a large portion of Alltel's footprint.
- e. For Alltel's existing customers, the transaction will provide to a broader range of content, applications, devices, and service plans.

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<sup>5</sup> See, *Federal State Joint Board on Universal Service, CC Docket No. 96-45, Report and Order*, FCC 05-46 (rel. March 17, 2005) ("*ETC Minimum Requirements Report and Order*"). See also, *Recommended Opinion and Order* in Docket No. T-04248A-04-0239.

<sup>6</sup> See *In the Matter of the Joint Notice of Intent by Verizon Communications, Inc. and MCI, Inc., on Behalf of its Regulated Subsidiaries*, Docket No. T-01846B-05-0279 et al., *Opinion and Order, Decision No. 68348* (December 9, 2005).

f. For Verizon Wireless' existing customers, the transaction promises expanded, seamless network coverage with greater deployment of broadband in territories which are often adjacent to major metropolitan areas currently served by Verizon Wireless.

Cellco has stated that it does not foresee any Arizona workforce layoffs resulting from the Merger.

As discussed above, no interruption or decrease in the wireless services provided to Alltel customers is anticipated as a result of the Merger.

The Merger should have no impact on the rates, terms and conditions of the Arizona's regulated subsidiaries or on their ability to provide service<sup>7</sup>; however, the Merger may result in an entity that is more competitive with Arizona's Incumbent Local Exchange and Competitive Local Exchange Companies ("ILECs" and "CLECs") than the individual entities of Verizon Wireless and Alltel.

Staff has no reason to believe both entities are not financially viable and the combined entities will not continue to be financially viable after the merger. The proposed Merger should not impair the financial status of Cellco or limit Cellco's ability to attract capital at fair and reasonable terms and to provide safe, reasonable, and adequate service.

Cellco provided Staff with a draft of the proposed customer notice. On August 6, 2007, Cellco published its legal notice the Arizona Republic. Notices were also published between August 12, 2008 and August 14, 2008 in county publications.

The Commission Consumer Services Section reported that from January 1, 2005 to current there have been no complaints, inquiries, or opinions filed for Cellco Partnership. For the same period, all complaints and inquiries for Verizon Wireless and Alltel have been resolved and closed.

Nationally, the most recent J. D. Powers survey<sup>8</sup> reported that Verizon Wireless has replaced T-Mobile as the No. 1 ranked provider in customer service. Alltel was reported to be a close third, behind T-Mobile.

On August 18, 2008, the Corporations Division reported that Alltel Communications, Inc. is in Good Standing. Additionally, the Corporations Division reported that partnerships are registered with the Arizona Secretary of State therefore they do not have a record on file for Cellco Partnership.

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<sup>7</sup> In an August 19, 2008 filing to the FCC, the Applicants committed to "keep the rates set forth in ALLTEL's existing agreements with each regional, small and/or rural carrier for the full term of the agreement or for two years from the closing date, which ever occurs later."

<sup>8</sup> See Attachment C.

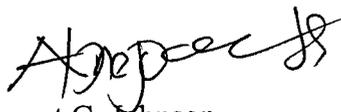
The FCC is also reviewing the proposed merger in Docket No. WT 08-95. As of August 12, 2008, sixty-three filings were submitted to the FCC. The FCC filings consist of those urging denial, such as Leap Wireless a competitor in Arizona, conditional approval, such as the Rural Cellular Association, and approval, such as the Nebraska Chamber of Commerce & Industry.

A representative petition to deny is that filed by the Organization for Advancement of Small Telecommunications Companies ("OPASTCO") and the Rural Independent Competitive Alliance ("RICA").<sup>9</sup> OPASTCO urged denial of the merger because they claim the loss of ALLTEL Wireless as a roaming partner for rural wireless carriers and the increased market power that the post-merger Verizon Wireless will possess could result in rural wireless carriers paying unjust and unreasonable roaming rates that far exceed the costs incurred by Verizon Wireless in providing the service. They state that the higher roaming rates would need to be passed onto rural subscribers. *OPASTCO Comments* at 3. Staff believes that roaming is an issue where uniform treatment is needed nationwide and thus the FCC will likely address this issue in the context of this merger. OPASTCO also expressed a concern regarding Verizon Wireless' exclusive agreements with handset manufacturers. *Id.* at 3. This is more of a national issue which will require FCC oversight. At this time, the FCC has not provided any specifics regarding its views on the issues raised by OPASTCO. Staff expects that the FCC will consider these issues among the most serious related to the merger of Verizon Wireless and Alltel.

Staff reviewed the Application and supplemental filings, and considered all responses to Staff's data requests. Staff did not identify any facts in dispute or concerns.

**E. Staff's Recommendations**

Staff recommends approval of Cellco's request for approval of its merger with Alltel. Staff's review of the transaction indicates that it is in the public interest.

for   
Ernest G. Johnson  
Director  
Utilities Division

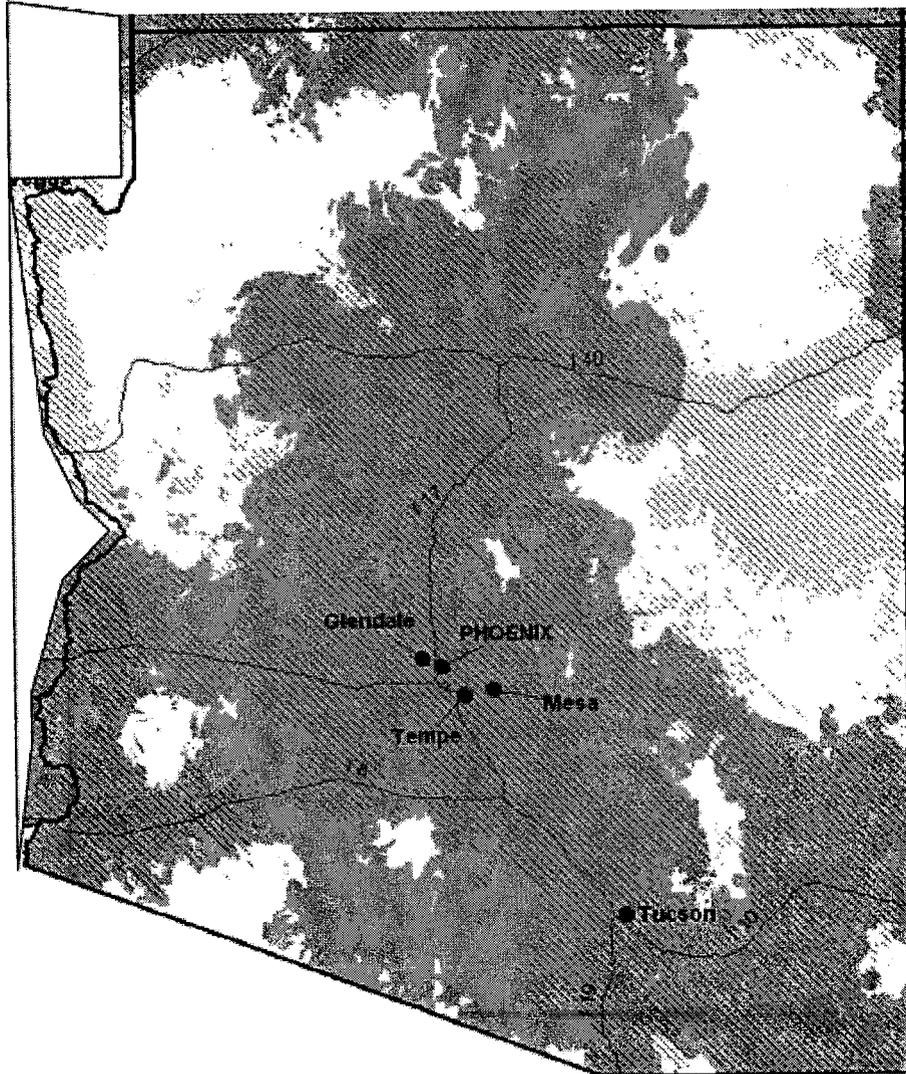
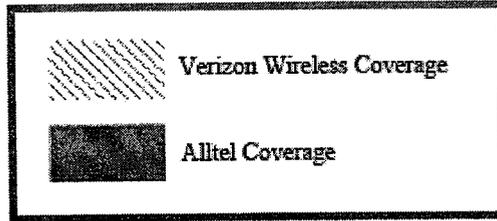
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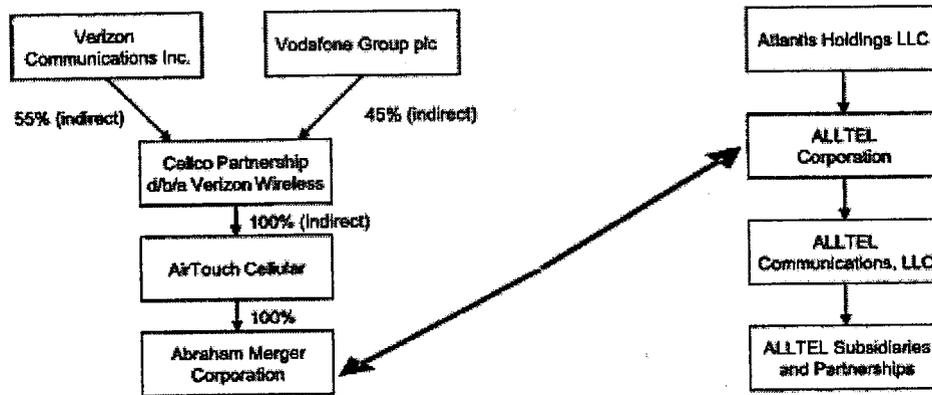
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<sup>9</sup>OPASTCO is a national trade association representing over 600 small incumbent local exchange carriers ("ILECs") serving rural areas of the United States. Its members, which include both commercial companies and cooperatives, together serve more than 5.5 million customers.

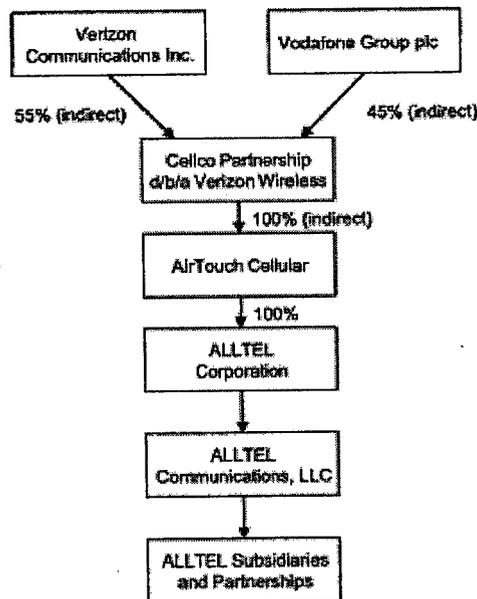
ATTACHMENT A



## ATTACHMENT B



After consummation of the proposed transaction, ALLTEL will be a direct, wholly-owned subsidiary of AirTouch and an indirect wholly-owned subsidiary of Verizon Wireless:



## ATTACHMENT C

August 14, 2008 2:44 PM PDT

### Verizon Wireless ranks No. 1 in customer service

Posted by Marguerite Reardon

[Post a comment](#)

Verizon Wireless has unseated T-Mobile USA as the U.S. mobile operator with the best customer service, according to a J.D. Power and Associates study released Thursday.

For about five years running, T-Mobile, the smallest of the four big nationwide carriers, has topped the J.D. Power survey for its good customer service and overall customer satisfaction. But it looks like Verizon Wireless has won the top honor in the customer service arena.

Verizon has always gotten high marks for its reliable network. But now it looks like customers are happy with its customer support, too.

The survey tracked operators' ability to provide an actual solution to a given problem on the phone, in person, or online. It also scored the companies based on the amount of time that customers were kept on hold. J.D. Power singled Verizon out for being particularly good at resolving problems the first time a call was made without customers having to call the support number multiple times.

Alltel, a regional carrier that Verizon is currently in the process of acquiring, came in second. T-Mobile was a close third place. And AT&T, the largest mobile operator, ranked fourth.

Overall calls to customer support were up slightly from a year ago, the study said. About 49 percent of wireless customers said they had contacted customer care within the past year, whereas 47 percent said they had contacted customer support the previous year. Among those who contacted service departments, about 34 percent did so due to service or equipment issues.

With more than 80 percent of Americans owning a cell phone in the U.S., it's clear that customer satisfaction and support matters. Verizon Wireless' parent, Verizon Communications, has been focusing much more on customer support in the past year. It looks like the attention to customer support could be winning Verizon more fans. This might also help explain why Verizon Wireless has the lowest churn (or customer turnover) rate in the industry, with only 1.1 percent. This is compared to Sprint Nextel, which has a churn rate of about 2 percent.

**TOPICS:** Corporate & legal

**TAGS:** J.D. Power and Associates, Verizon Wireless, T-Mobile

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

- MIKE GLEASON  
Chairman
- WILLIAM A. MUNDELL  
Commissioner
- JEFF HATCH-MILLER  
Commissioner
- KRISTIN K. MAYES  
Commissioner
- GARY PIERCE  
Commissioner

IN THE MATTER OF THE APPLICATION )  
 OF CELCO PARTNERSHIP DBA )  
 VERIZON WIRELESS FOR A FINDING OF )  
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 PURSUANT TO AAC R14-2-806, OR IN )  
 THE ALTERNATIVE, APPROVAL )  
 PURSUANT TO AAC R14-2-803 )

DOCKET NOS. T-20598A-08-0327  
T-03887A-08-0327

DECISION NO. \_\_\_\_\_

ORDER

Open Meeting  
September 23 and 24, 2008  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

**A. Introduction**

1. On June 27, 2008, Cellco Partnership d/b/a Verizon Wireless ("Cellco") filed an application with the Arizona Corporation Commission ("Commission") with respect to a transaction by which Alltel Corporation will become an indirect, wholly-owned subsidiary of Cellco ("Merger").

2. Cellco seeks a finding of no Commission jurisdiction, or, in the alternative, if the Commission finds it has jurisdiction, a waiver of the Affiliated Interest Rules pursuant to A.A.C. R14-2-806, or in the alternative, approval pursuant to A.A.C. R14-2-803.

3. Staff recommends approval of Cellco's Application for approval of its merger with Alltel, without a hearing.

1 **B. The Parties**

2 4. Cellco is a joint venture owned 55 percent by Verizon Communications, Inc. and 45  
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14 reliability, enabling customer to accomplish more through wireless means, and helping to enable  
15 new services such as BroadbandAccess, V-Cast and VZ Navigator(SM).

16 6. Alltel Corporation is incorporated under the laws of the State of Delaware and  
17 maintains its corporate headquarters in Little Rock, Arkansas. Alltel Communications, LLC, Alltel  
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19 and WWC License LLC are subsidiaries of Alltel and are authorized to do business in Arizona  
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22 provides digital wireless communications using CDMA technology.

23 7. Alltel currently serves over 485,000 customers in Arizona<sup>1</sup> and has approximately  
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25 to provide wireless services in La Paz, Mohave, Cochise, Coconino, Yuma, Greenlee, Santa Cruz,  
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27 \_\_\_\_\_  
28 <sup>1</sup> The transfer of Alltel Communications, Inc.'s CC&N to Windstream Communications, Inc., an unaffiliated entity,  
was approved by Decision No. 68965 dated 9/21/06.

1 Gila, Maricopa, Pinal, Yavapai, Pima, and Graham counties, including the Phoenix and Tucson  
2 markets<sup>2</sup>.

3 8. Alltel and its affiliate WWC License, LLC (“WWC”) each currently has an  
4 application for designation as an Eligible Telecommunications Carrier (“ETC”) pending with the  
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7 9. On June 5, 2008, Cellco, its wholly-owned subsidiary AirTouch Cellular  
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21 **D. The Jurisdictional Issue**

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<sup>3</sup> An organizational chart depicting the transaction is set included in Attachment B.

1 steam for heating or cooling purposes; or engaged in collecting, transporting, treating, purifying  
 2 and disposing of sewage through a system, for profit; *or in transmitting messages or furnishing*  
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5 12. Under Federal Law, the Commission has jurisdiction over "other terms and  
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7 13. Cellco also argues that neither of the merging holding companies is a public service  
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24 ...  
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16 **E.     Staff's Analysis**

17           18.     The Applicants provided all of the information required by A.A.C. R14-2-803 (A).

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*04248A-07-0295.*

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1           b.     The Companies customers will enjoy seamless wireless coverage throughout  
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11    footprint.

12          e.     For Alltel's existing customers, the transaction will provide to a broader  
13    range of content, applications, devices, and service plans.

14          f.     For Verizon Wireless' existing customers, the transaction promises  
15    expanded, seamless network coverage with greater deployment of broadband in  
16    territories which are often adjacent to major metropolitan areas currently served by  
17    Verizon Wireless.

18          20.    Cellco has stated that it does not foresee any Arizona workforce layoffs resulting  
19    from the Merger.

20          21.    As discussed above, no interruption or decrease in the wireless services provided to  
21    Alltel customers is anticipated as a result of the Merger.

22          22.    The Merger should have no impact on the rates, terms and conditions of the  
23    Arizona's regulated subsidiaries or on their ability to provide service<sup>7</sup>; however, the Merger may  
24    result in an entity that is more competitive with Arizona's Incumbent Local Exchange and  
25    Competitive Local Exchange Companies ("ILECs" and "CLECs") than the individual entities of  
26    Verizon Wireless and Alltel.

27          23.    Staff has no reason to believe both entities are not financially viable and the  
28    combined entities will not continue to be financially viable after the merger. The proposed Merger

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<sup>7</sup> In an August 19, 2008 filing to the FCC, the Applicants committed to "keep the rates set forth in ALLTEL's existing agreements with each regional, small and/or rural carrier for the full term of the agreement or for two years from the closing date, which ever occurs later."

1 should not impair the financial status of Cellco or limit Cellco's ability to attract capital at fair and  
2 reasonable terms and to provide safe, reasonable, and adequate service.

3 24. Cellco provided Staff with a draft of the proposed customer notice.

4 25. On August 6, 2007, Cellco published its legal notice the Arizona Republic. Notices  
5 were also published between August 12, 2008 and August 14, 2008 in county publications.

6 26. The Commission Consumer Services Section reported that from January 1, 2005 to  
7 current there have been no complaints, inquiries, or opinions filed for Cellco Partnership. For the  
8 same period, all complaints and inquiries for Verizon Wireless and Alltel have been resolved and  
9 closed.

10 27. Nationally, the most recent J. D. Powers survey<sup>8</sup> reported that Verizon Wireless has  
11 replaced T-Mobile as the No. 1 ranked provider in customer service. Alltel was reported to be a  
12 close third, behind T-Mobile.

13 28. On August 18, 2008, the Corporations Division reported that Alltel  
14 Communications, Inc. is in Good Standing. Additionally, the Corporations Division reported that  
15 partnerships are registered with the Arizona Secretary of State therefore they do not have a record  
16 on file for Cellco Partnership.

17 29. The FCC is also reviewing the proposed merger in Docket No. WT 08-95. As of  
18 August 12, 2008, sixty-three filings were submitted to the FCC. The FCC filings consisted of  
19 those urging denial, such as Leap Wireless a competitor in Arizona, conditional approval, such as  
20 the Rural Cellular Association, and approval, such as the Nebraska Chamber of Commerce &  
21 Industry.

22 30. A representative petition to deny is the comments of the Organization for the  
23 Promotion and Advancement of Small Telecommunications Companies ("OPASTCO") and the  
24 Rural Independent Competitive Alliance ("RICA").<sup>9</sup> OPASTCO urged denial of the merger  
25 because they claim the loss of ALLTEL Wireless as a roaming partner for rural wireless carriers

26 \_\_\_\_\_  
27 <sup>8</sup> See Attachment C.

28 <sup>9</sup> OPASTCO is a national trade association representing over 600 small incumbent local exchange carriers ("ILECs")  
serving rural areas of the United States. Its members, which include both commercial companies and cooperatives,  
together serve more than 5.5 million customers.

1 and the increased market power that the post-merger Verizon Wireless will possess could result in  
 2 rural wireless carriers paying unjust and unreasonable roaming rates that far exceed the costs  
 3 incurred by Verizon Wireless in providing the service. They state that the higher roaming rates  
 4 would need to be passed onto rural subscribers. *OPASTCO* Comments at 3. Staff believes that  
 5 roaming is an issue where uniform treatment is needed nationwide and thus the FCC should  
 6 address this issue in the context of this merger. *OPASTCO* also expressed a concern regarding  
 7 Verizon Wireless' exclusive agreements with handset manufacturers. *Id.* at 3. This is more of a  
 8 national issue which would require FCC oversight. At this time, the FCC has not provided any  
 9 specifics regarding its views on the issues raised by *OPASTCO*. Staff expects that the FCC will  
 10 consider these issues among the most serious related to the merger of Verizon Wireless and Alltel.

11 31. Staff reviewed the Application and supplemental filings, and considered all  
 12 responses to Staff's data requests. Staff did not identify any facts in dispute or concerns

13 **F. Staff's Recommendations**

14 32. Staff recommends that the Commission find that Celco's Application for approval  
 15 of its merger with Alltel is in the public interest and should be approved

16 CONCLUSIONS OF LAW

17 1. Verizon Wireless and Alltel Communications are public service corporations within  
 18 the meaning of Article XV of the Arizona Constitution.

19 2. The Commission has jurisdiction over Celco Partners d/b/a Verizon Wireless and  
 20 Alltel Corporation and of the subject matter in this filing.

21 3. The Commission, having reviewed the filing and Staff's Memorandum dated  
 22 September 26, 2008, concludes that it is in the public interest to grant this Application.

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ORDER

IT IS THEREFORE ORDERED that Celco Partners d/b/a Verizon Wireless' request for approval of its merger with Alltel Corporation is in the public interest and is hereby granted.

IT IS FURTHER ORDERED that this Decision shall be become effective immediately.

**BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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CHAIRMAN

COMMISSIONER

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COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

---

BRIAN C. McNEIL  
EXECUTIVE DIRECTOR

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

EGJ:AFF:lhm\MAS

1 SERVICE LIST FOR CELLCO PARTNERSHIP D/B/A VERIZON WIRELESS, ALLTEL  
CORPORATION  
2 DOCKET NOS. T-20598A-08-0327, T-03887A-08-0327

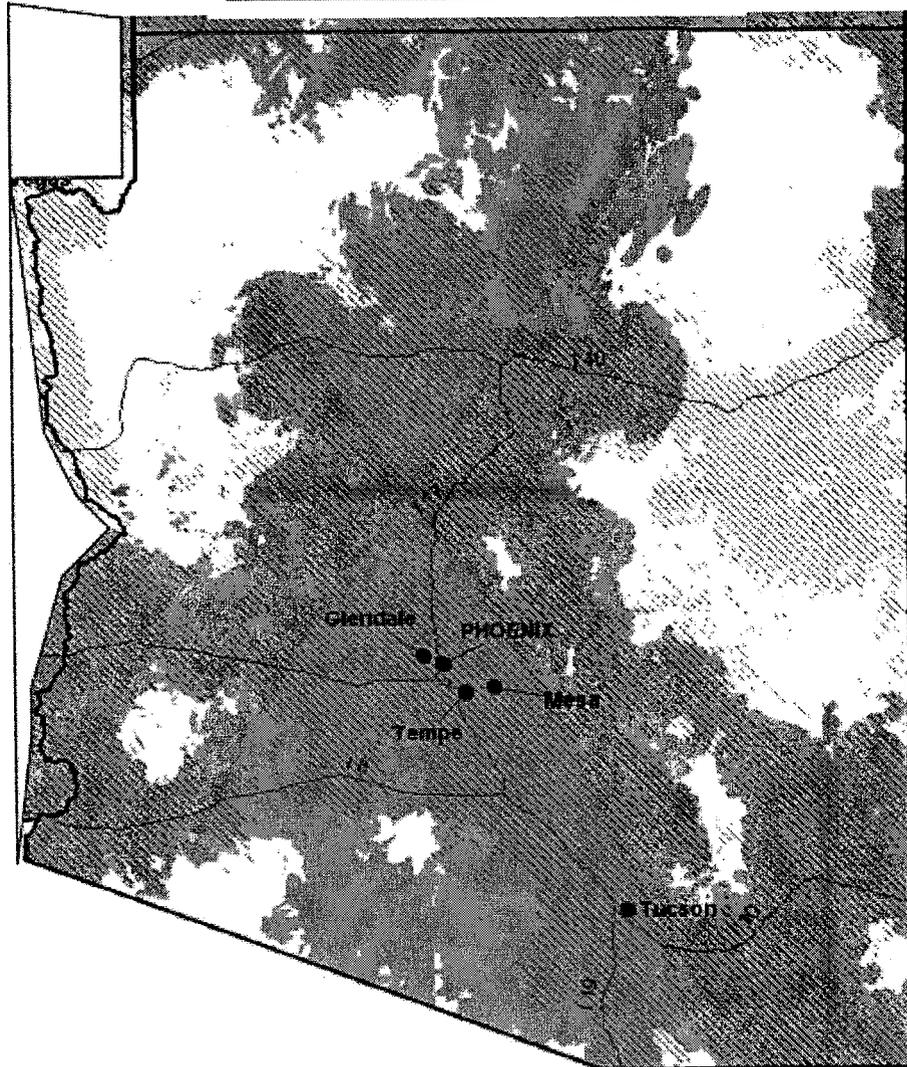
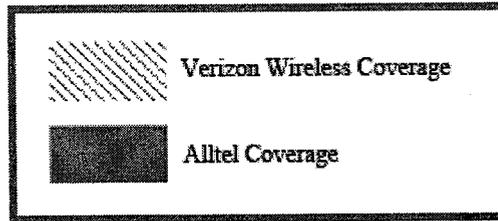
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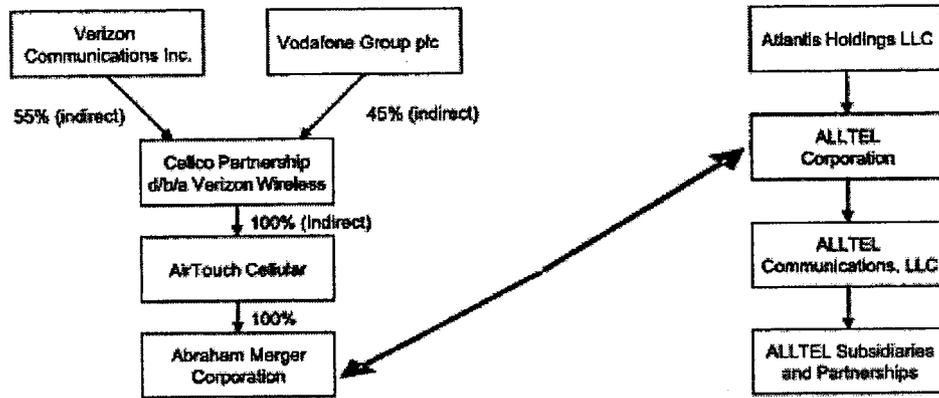
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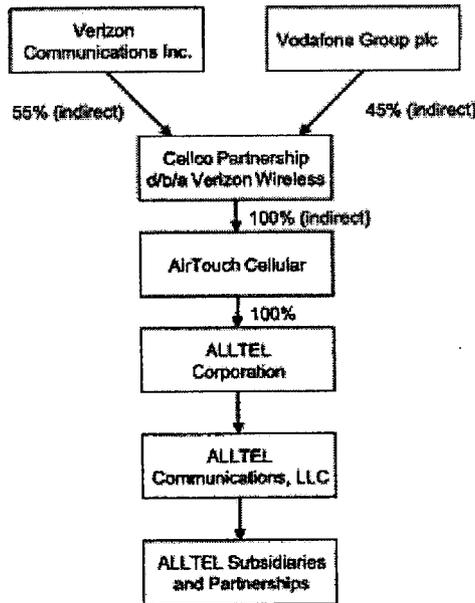
ATTACHMENT A



ATTACHMENT B



After consummation of the proposed transaction, ALLTEL will be a direct, wholly-owned subsidiary of AirTouch and an indirect wholly-owned subsidiary of Verizon Wireless:



## ATTACHMENT C

August 14, 2008 2:44 PM PDT

## Verizon Wireless ranks No. 1 in customer service

Posted by Marguerite Reardon

[Post a comment](#)

Verizon Wireless has unseated T-Mobile USA as the U.S. mobile operator with the best customer service, according to a J.D. Power and Associates study released Thursday.

For about five years running, T-Mobile, the smallest of the four big nationwide carriers, has topped the J.D. Power survey for its good customer service and overall customer satisfaction. But it looks like Verizon Wireless has won the top honor in the customer service arena.

Verizon has always gotten high marks for its reliable network. But now it looks like customers are happy with its customer support, too.

The survey tracked operators' ability to provide an actual solution to a given problem on the phone, in person, or online. It also scored the companies based on the amount of time that customers were kept on hold. J.D. Power singled Verizon out for being particularly good at resolving problems the first time a call was made without customers having to call the support number multiple times.

Alltel, a regional carrier that Verizon is currently in the process of acquiring, came in second. T-Mobile was a close third place. And AT&T, the largest mobile operator, ranked fourth.

Overall calls to customer support were up slightly from a year ago, the study said. About 49 percent of wireless customers said they had contacted customer care within the past year, whereas 47 percent said they had contacted customer support the previous year. Among those who contacted service departments, about 34 percent did so due to service or equipment issues.

With more than 80 percent of Americans owning a cell phone in the U.S., it's clear that customer satisfaction and support matters. Verizon Wireless' parent, Verizon Communications, has been focusing much more on customer support in the past year. It looks like the attention to customer support could be winning Verizon more fans. This might also help explain why Verizon Wireless has the lowest churn (or customer turnover) rate in the industry, with only 1.1 percent. This is compared to Sprint Nextel, which has a churn rate of about 2 percent.

**TOPICS:** Corporate & legal

**TAGS:** J.D. Power and Associates, Verizon Wireless, T-Mobile

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