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BEFORE THE ARIZONA CORPORATION COMMISSION

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

2008 SEP 30 A 11: 16

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

SEP 30 2008

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IN THE MATTER OF THE MERGER OF
QWEST CORPORATION AND QWEST LD
CORP., CANCELLATION OF QWEST LD
CORP.'S CERTIFICATE OF CONVENIENCE
AND NECESSITY, AND APPLICATION FOR
APPROVAL OF A LIMITED WAIVER FROM
A.A.C. R14-2-1901 ET. SEQ.

DOCKET NO. T-01051B-07-0527
T-04190A-07-0527

NOTICE OF FILING

The proposed merger between Qwest Corporation ("Qwest") and Qwest LD Corp. ("Qwest LD") (the "Joint Applicants") has been the subject of regulatory action in several states in the Qwest fourteen state region. Uniformly, state commissions have approved the relief requested. The Joint Applicants hereby file the following regulatory commission orders from other states:

Colorado PUC Waiver of Customer Notice Requirements

Attached to this Notice and marked as Exhibit 1, is a copy of the Colorado PUC's Order Granting Waiver, Decision No. C08-0874, in Docket No. 08V-138T, waiving the Colorado PUC's anti-slamming and customer notice rules, as those rules may apply to the proposed merger.

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Nebraska PUC Order Approving Merger and Granting Waiver of Customer Notice Requirements

Attached to this Notice and marked as Exhibit 2, is a copy of the Nebraska PSC's Order granting the relief requested in the Joint Application, entered March 18, 2008 in Application No. C-3898 in which the Joint Applicants sought approval of the Nebraska PUC of the merger if approval is required, and a determination that the customer notification and anti-slamming requirements of the Nebraska rule do not apply or that such requirements shall be waived with respect to the proposed merger.

Minnesota PUC Approval of Reorganization

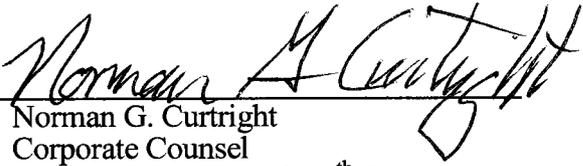
Attached to this Notice and marked as Exhibit 3, is the notice of decision issued April 3, 2008, by the Minnesota PUC in Docket no. P421, 6237/PA-08-156, approving the merger.

Utah Notification of Intended Merger

Attached to this Notice and marked as Exhibit 4 is the Order Approving Transfer of Control issued by the Utah PUC in Docket No. 08-049-15, on June 24, 2008, approving the proposed merger, and waiving the Utah anti-slamming statute and rule for good cause shown.

Respectfully submitted, this 30th day of September, 2008.

QWEST CORPORATION

By: 
Norman G. Curtright
Corporate Counsel
20 East Thomas Road, 16th Floor
Phoenix, Arizona 85012
Telephone: (602) 630-2187

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Fennemore Craig, P.C.
Timothy Berg
Theresa Dwyer
Patrick J. Black
3003 N. Central Avenue, Suite 2600
Phoenix, AZ 85012
(602) 916-5421

Attorneys for Qwest Corporation

ORIGINAL and 13 copies of the foregoing
hand-delivered this 30th day of September, 2008, to:

Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

COPY of the foregoing mailed
this 30th day of September, 2008, to:

Ernest Johnson
Utilities Director
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Janice Alward
Acting Chief, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Terri Ford
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Maureen A. Scott, Esq.
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

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Diane Ryan

EXHIBIT 1

Decision No. C08-0874

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 08V-138T

IN THE MATTER OF THE JOINT APPLICATION OF QWEST CORPORATION AND QWEST LD CORP. FOR APPROVAL OF A WAIVER FROM THE REQUIREMENTS OF 4 CCR 723-2-2311(B)(I), (II)(A) AND (C) PURSUANT TO 4 CCR 723-2-2311(G) AND FOR A WAIVER OF THE CUSTOMER NOTICE REQUIREMENTS OF 4 CCR 723-2-2311(G)(I)(A) AND (B).

ORDER GRANTING WAIVER

Mailed Date: August 19, 2008

Adopted Date: July 30, 2008

I. BY THE COMMISSION

A. Statement, Findings, and Conclusions

1. This matter comes before the Commission for consideration of a joint application for a waiver of certain requirements of Rule 2311 of the *Rules Regulating Telecommunications Providers, Services, and Products, 4 Code of Colorado Regulations (CCR) 723-2*, filed on April 25, 2008 by Qwest Corporation (Qwest) and Qwest LD Corp. (QLDC).

2. Generally, Rule 2311 relates to the unauthorized change of a subscriber's provider and/or carrier presubscription (slamming). Rule 2311(g) provides for a waiver of Rules 2311(b)(II)(II)(A) and (C) and allows for a notice to subscribers to be provided at least 45 days prior to the transfer or sale of part or all of another carrier's subscriber base.

3. Qwest is the local exchange telecommunications provider and is an incumbent local exchange carrier (ILEC). QLDC was created as an affiliate of Qwest in order to satisfy the legal requirements of §§ 271 and 272 of the Federal Telecommunications Act of 1996. QLDC is

a registered toll reseller and provides this service to Qwest customers who are presubscribed to Qwest as its long distance carrier.

4. Because QLDC is a toll reseller and is not regulated by this Commission, a transfer application is not required to be filed in order to transfer the customer base. Qwest currently performs all billing functions for QLDC customers, such that QLDC charges are reflected on the customer's Qwest bill as "Qwest Long Distance" and this description will not change after the transfer occurs. Upon the transfer, customers will see no changes in the offerings or rates and will continue to receive services under the "Qwest" brand.

5. The joint applicants state that requiring Qwest to provide notice to each QLDC customer will cause confusion and serve no practical purpose, as combining Qwest and QLDC will be invisible to customers and will have no impact on services provided. They further state this will be a *pro forma* transfer of control, and the nature of this transfer of customers does not implicate the potential for fraud or misrepresentation of the anti-slamming statutes or Commission rules. Joint applicants maintain that following the customer notice requirements and provisions in this instance would not serve the public interest.

6. The joint applicants seek a waiver of Rules 2311(g) and 2311(g)(I)(A) and (B) which require notice to customers. They state that any waivers would terminate once the transfer of customers from QLDC to Qwest Corp. has been completed.

7. We find that the joint applicants provided sufficient support for their request for a waiver of the requirements of Rules 2311(g)(I)(B), 2311(g)(I)(B)(vi), and 2002(d)(I) through (XII) and that the waiver is not contrary to public interest. We therefore grant the requested waiver. Qwest and QLDC are immune from any slamming complaints filed with the Commission pursuant to the waived rules for this transaction.

II. ORDER

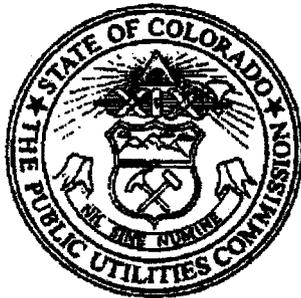
A. The Commission Orders That:

1. Consistent with the discussion above, the application for a waiver of the requirements of Rules 2311(g)(I)(B), 2311(g)(I)(B)(vi) and 2002(d)(I) through (XII) by Qwest Corporation and Qwest LD Corp., is granted.

2. This Order is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
July 30, 2008.**

(S E A L)



ATTEST: A TRUE COPY

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

RONALD J. BINZ

JAMES K. TARPEY

MATT BAKER

Commissioners

EXHIBIT 2

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the joint Application No. C-3898
Application of Qwest)
Corporation, Denver, Colorado,)
and Qwest LD Corporation,)
Denver, Colorado, seeking) GRANTED
approval of Merger and Motion)
for Clarification and/or Waiver)
of Anti-Slamming Rules.)
Entered: March 18, 2008

BY THE COMMISSION:

On January 24, 2008, an application was filed by Qwest Corporation (QC), Denver Colorado, and Qwest LD Corporation (QLDC), Denver, Colorado, seeking approval of a merger and waiver of Anti-Slamming Rules. Notice of the application was published in The Daily Record, Omaha, Nebraska, on January 31, 2008. No protests were filed; therefore, this application is processed pursuant to the Commission's Rule of Modified Procedure.

O P I N I O N A N D F I N D I N G S

QC provides local exchange telephone service in parts of Nebraska and is an indirect subsidiary of Qwest Communications International, Inc. (Qwest), a publicly traded corporation. QC is an incumbent local exchange carrier.

QLDC is a reseller of long distance services and serves its customers by reselling services it purchases from Qwest Communications Corporation; another Qwest affiliate and certificated interexchange carrier.

Qwest proposes to merge QLDC into QC with all outstanding QLDC stock being canceled. This will cause QLDC to cease to exist and leave QC as the surviving entity. Qwest requests that QLDC's Certificate of Convenience and Necessity be canceled.

The proposed transaction will improve business operations and will not affect the services provided to customers. The merger of QC and QLDC should be invisible to customers and should see no change in any of their services or rates.

Applicant also requests that the Commission waive the requirement of Neb. Rev. Stat. § 86-205 and Title 291 Neb. Admin. Code, Chapter 5, § 004, that require customer authorization in the event of a change in that customer's telecommunications provider. Applicant believes that it is

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

Application No. C-3896

Page 2

prudent to waive the requirement because the change is a result of an internal Qwest reorganization between commonly owned affiliates and will be invisible and transparent to customers. Applicant references FCC rulings on similar matters that have held that the federal rules are not applicable in these circumstances.

Based on the evidence, we find the application to be fair and reasonable and in the public interest. The application for merger and waiver of Anti-Slamming rules should be granted.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-3898, be, and it is hereby, granted.

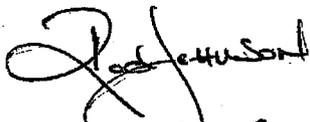
IT IS FURTHER ORDERED that Neb. Rev. Stat. § 86-201 and Title 291 Neb. Admin. Code, Chapter 5, § 004 of the Commission's rules are waived for this specific merger.

IT IS FURTHER ORDERED that Qwest LD Corporation's Certificate of Public Convenience and Necessity granted in Docket C-2820 is cancelled.

MADE AND ENTERED at Lincoln, Nebraska, this 18th day of March, 2008.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

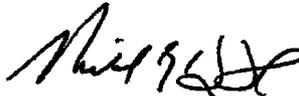


//s// Anne C. Boyle
//s// Frank E. Landis



Chair

ATTEST:



Executive Director

EXHIBIT 3

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendrayer
David Boyd
Marshall Johnson
Thomas Pugh
Phyllis Reha

Chair
Commissioner
Commissioner
Commissioner
Commissioner

Service Date: APR 03 2008
Docket No. P421,6237/PA-08-156

To: Jason D. Topp
Qwest Corporation
Law Department
200 South 5th Street, Room 2200
Minneapolis, Minnesota 55402

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APR 03 2008

In the Matter of the Application for Approval of a Corporate Reorganization of Qwest Corporation and Qwest LD Corp. and Petition for Surrender of Qwest LD Corp.'s Certificate of Authority.

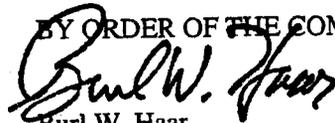
The above-entire matter has been considered by the Commission and the following disposition made:

- **Approved the merger of Qwest Corporation and Qwest LD Corp. and cancel Qwest LD Corp.'s certificate of authority upon completion of the proposed reorganization and satisfaction of the specified compliance requirements.**
- **Qwest Corporation should file a revised tariff to incorporate Qwest LD Corp.'s catalogs and rate lists.**
- **Qwest Corporation is responsible for any remaining regulatory assessments as well as the filing of 2007 and 2008 jurisdictional annual reports for Qwest LD Corp.**
- **Applicants shall inform the Commission within 20 days of the closing of the merger.**

The Commission agrees with and adopts the recommendations of the Department of Commerce which are attached and hereby incorporated in this Order.

This decision is issued by the Commission's consent calendar subcommittee, under a delegation of authority granted under Minn. Stat. §216A.03, subd. 8 (a). Unless a party, a participant, or a Commissioner files an objection to this decision within 10 days of receiving it, it will become the Order of the full Commission under Minn. Stat. §216A.03, subd. 8 (b).

BY ORDER OF THE COMMISSION



Burl W. Haar
Executive Secretary

(SEAL)

This document can be made available in alternative formats (i.e., large print or audio tape) by calling (651) 297-4596 (Voice). Citizens with hearing or speech disabilities may call us through Minnesota Relay at 1-800-627-3529 or by dialing 711.



85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
www.commerce.state.mn.us
651.296.4026 FAX 651.296.1959
An equal opportunity employer

March 26, 2008

PUBLIC DOCUMENT

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: Replacement **PUBLIC Comments of the Minnesota Department of Commerce**
Docket No. P421,6237/PA-08-156

Dear Dr. Haar:

Attached are the replacement **PUBLIC** comments of the Minnesota Department of Commerce in the following matter:

The Application for Approval of a Corporate Reorganization of Qwest Corporation and Qwest LD Corp. and Petition for Surrender of Qwest LD Corp.'s Certificate of Authority.

The reference to Minn. Stat. §237.16, subd. 13 is deleted.

The petition was filed on February 7, 2008 by:

Jason D. Topp
Qwest Corporation
Law Department
200 South 5th Street, Room 2200
Minneapolis, Minnesota 55402

The Department recommends **approval** and is available to answer any questions the Commission may have.

Sincerely,

/s/ BRUCE L. LINSCHIED
Financial Analyst

BLL/ja

Attachment



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

PUBLIC COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE

DOCKET NO. P421,6237/PA-08-156

I. BACKGROUND

On February 7, 2008, the Minnesota Department of Commerce (Department) received a copy of a joint application for Minnesota Public Utilities Commission (Commission) approval of a corporate reorganization whereby the long distance operations of Qwest LD Corp (QLDC) will be merged into those of Qwest Corporation (QC) and a request to relinquish the operating authority of QLDC (Application and together, QC and QLDC, the Applicants).

A. PETITIONERS

QLDC has interexchange or long distance authority, and QC is a regional Bell operating company (RBOC) authorized as an incumbent local exchange carrier (ILEC) under Minn. Stat. § 237.01 and certificates of authority originally issued to each exchange of QC's predecessor, Northwestern Bell, in 1962. QLDC serves its customer by reselling services it purchases from an affiliate, Qwest Communications Corporation (QCC), and provides residential and small business long distance services in the service territory where QC provides local exchange services as an incumbent in fourteen western states, including Minnesota. QC, QCC and QCLD are indirect subsidiaries of the non-regulated parent holding company, Qwest Communications International Inc. (QCII) and direct subsidiaries of Qwest Services Corporation (QSC), a wholly owned subsidiary of QCII.¹

B. THE TRANSACTION

Applicants state that the consolidation of QC and QLDC is made possible by the sunset of QC's obligations under Section 272 of the Telecommunications Act of 1996. Section 272 required that

¹ Application at 3-4.

a separate corporate affiliate be maintained to provide interLATA services after QC obtained the authority under Section 271 to provide interLATA services.²

The proposed transaction will be undertaken to implement an internal corporate restructuring of QC and QLDC, and the Applicants request that the Commission approve the voluntary surrender of QLDC's certificate of authority. The proposed corporate restructuring will consolidate QC's and QLDC's operations into a single entity in Minnesota. The Applicants do not plan to continue QLDC's operations under its existing Certificate of Authority. The proposed restructuring will merge QLDC into QC, with QC emerging as the surviving corporation.³

C. *PUBLIC INTEREST*

The proposed reorganization is not expected to impair QC's financial status, prevent it from attracting capital, or impair its ability to provide service to its customers. No impact on the method of financing or the capital structure of QCII is expected. QC does not anticipate that there will be a change to its capital structure or an increase in its cost of service attributable to the merger.

QLDC customers are not expected to experience changes in their offerings or rates, and they will continue to receive services under the "Qwest" brand, and no customer notice requirements are anticipated. Currently, QLDC customers see the charges for QLDC services as charges for "Qwest Long Distance" on their bills, and the reorganization is not expected to change these bill descriptions. QLDC catalog and rate lists are planned to be added as QC catalogs and rate lists once the reorganization is finalized.⁴

II. STATEMENT OF ISSUES

- A. Does the proposed transaction require Commission approval?
- B. Is the proposed transaction in the public interest?
- C. Have the Applicants complied with Minnesota law requiring prior Commission approval for the proposed transaction?
- D. Should QLDC's authority be cancelled?

² *Ibid.* at 5.

³ *Ibid.* at 1 and 3.

⁴ *Ibid.* at 5-7.

III. LEGAL REFERENCES

Minn. Stat. §237.23 states that it shall be unlawful for any telephone company, corporation, person, partnership, or association subject to the provisions of this chapter to purchase or acquire the property, capital stock, bonds, securities, or other obligations, or the franchises, rights, privileges, and immunities of any telephone company doing business within the state without first obtaining the consent of the commission thereto.

Minn. Stat. §237.74, subd. 12 provides that no telecommunications carrier shall construct or operate any line, plant, or system, or any extension of it, or acquire ownership or control of it, either directly or indirectly, without first obtaining from the commission a determination that the present or future public convenience and necessity require or will require the construction, operation, or acquisition, and a new certificate of territorial authority.

IV. ANALYSIS

A. COMMISSION ACTION IS NEEDED FOR THIS TRANSACTION

The Applicants argue that Commission approval is not required for corporate restructuring where no change of ownership occurs.⁵ Commission approval has not been required in cases of corporate reorganizations when no change of ownership occurs or the operating company is not affected.⁶ Commission approval is required for transactions when an operating company is affected, and QLDC customers will be served by QC as a result of the proposed transaction. The Commission should review the transaction to determine if it is in the public interest.

B. THE PROPOSED TRANSFER IS IN THE PUBLIC INTEREST

QC was required to establish a separate affiliate to provide long distance services. Section 272 required RBOCs subject to the requirements of section 251(c) of Title 47 of the United States Code of Federal Regulations (CFR) to establish separate affiliates for the provision of competitive activities, such as the origination of interLATA or long distance telecommunications services.⁷ The provisions of this section cease to apply with respect to the interLATA

⁵ *Ibid.* at 1 and 3.

⁶ *In the Matter of an Application for Approval of a Corporate Reorganization by Winstar Wireless, Inc.*, Docket No P5246/PA-00-925, August 25, 2000.

⁷ 47CFR272(a).

telecommunications services of a RBOC three years after the date such RBOC or any RBOC affiliate is authorized to provide interLATA telecommunications services.⁸

QC's obligation to provide long distance services through a separate affiliate has expired. The application to consolidate the operations of QC and QLDC into a single entity, with QC emerging as the surviving corporation complies with federal law and Federal Communications Commission (FCC) requirements. The FCC made the following statements regarding the sunset of the section 272 requirements for RBOCs to establish separate affiliate for the provision of competitive activities:

As of December 3, 2003, the FCC had granted all of the RBOCs section 271 authorization for the provision of in-region interLATA services in all of the RBOCs' territories nationwide. The FCC did not extend the period for which section 272 safeguards apply, and section 272 requirements had sunset by operation of law throughout all RBOC regions. Section 272 does not preclude the RBOCs from providing in-region, interLATA, long distance services either directly or through an affiliate that is not a section 272 separate affiliate in all their in-region states.⁹

On August 31, 2007, the FCC adopted a new regulatory framework under which AT&T, Qwest, and Verizon may provide in-region, interstate, long distance services either directly or through affiliates that are neither section 272 separate affiliates nor rule 64.1903 separate affiliates, subject to non-dominant carrier regulation, as long as they comply with certain targeted safeguards and other continuing statutory and regulatory obligations.¹⁰

Despite a working capital deficit and weak capital position, QC has the performance and the resources to provide reliable long distance services currently provided through QLDC. QC reported an \$858 million working capital deficit, \$7.5 billion of long-term borrowings and \$977 million of stockholders' equity on December 31, 2007. It reported a net income of \$1.5 billion and positive operating cash flows of \$3.3 billion for the fiscal year ended December 31, 2007.¹¹

⁸ *Ibid.* at (f).

⁹ FCC Common Carrier Bureau Section 271 Application Home Page, BOC Authorization to Provide In-region, InterLATA Services Under Sections 271 and 272.

¹⁰ *Ibid.*

¹¹ United States Securities and Exchange Commission Form 10-K for Qwest Corporation for the fiscal year ended December 31, 2007 at 41-43.

- QC had \$283 million in cash and cash equivalents available at December 31, 2007. Its working capital deficit, or the amount by which its current liabilities exceeded its current assets, was \$858 million and \$647 million as of December 31, 2007 and 2006, respectively. Its working capital deficit was primarily caused by dividends paid to QSC and the repayment and a reclassification of long-term debt to current debt.¹² QC continues to produce significant cash from operating activities (\$3.3 billion and \$3.1 billion for the years ended December 31, 2007 and 2006, respectively).¹³
- QC has historically operated with a working capital deficit due to its practice of declaring and paying regular cash dividends, and it expects to operate with a working capital deficit in the future. Despite the working capital deficit, QC's management believes that its current cash position, cash flows from operations and continued access to capital markets to refinance its current portion of debt should allow QC to meet its cash requirements for the foreseeable future.¹⁴
- QC has \$7.5 billion of long-term borrowings.¹⁵ On June 7, 2007, Standard and Poor's (S&P) raised QC's credit rating from BB+ to BBB- reflecting the only change in QC's credit rating since December 31, 2006. An S&P rating of BBB on a company's long-term obligation indicates that there are currently expectations of low credit risk if there are no adverse changes in circumstances and economic conditions, whereas a BB rating indicates the issuer currently has the capacity to meet its financial commitment on the obligation; however, it faces major ongoing uncertainties that could lead to an inability to meet its financial commitment on the obligation.¹⁶

QC is a wholly owned subsidiary of QSC, which is wholly owned by QCII, and QCII's liquidity and capital resources could have material impacts on QC.

- QCII, like QC, reported a working capital deficit and weak capital structure on December 31, 2007. Its current liabilities exceeded its current assets by \$636 million and \$1.5 billion on December 31, 2007 and 2006, respectively. QCII and its consolidated subsidiaries had total borrowings of \$14.3 billion at December 31, 2007 and \$14.9 billion at December 31, 2006. Its stockholders' equity was \$563 million on December 31, 2007, and it reported a stockholders' deficit of \$1.4 billion on December 31, 2006.¹⁷

¹² *Ibid.* at 30.

¹³ *Ibid.* at 43.

¹⁴ *Ibid.* at 31.

¹⁵ *Ibid.* at 42.

¹⁶ *Ibid.* at 33.

¹⁷ United States Securities and Exchange Commission Form 10-K for Qwest Communications International, Inc. for the fiscal year ended December 31, 2007 at 56 and 74-5.

- QCII, like QC, also reported profitable operations and positive net operating cash flows. Its 2007 net income was \$2.9 million, and its net operation cash flows were \$3.0 billion.¹⁸
- QCII has \$850 million available to it under a revolving credit facility, which was undrawn on September 30, 2007 and expires in October 2010.¹⁹
- QCII reported \$2.1 billion of long distance revenues or approximately 15 percent of total revenues of \$13.9 billion in 2007. Reported long-distance services revenue decreased from \$2.3 billion or approximately 16 percent of total revenues in 2006 primarily due to declining volumes in its wholesale channel as industry consolidation.²⁰
- QCII, like QC, has a BBB- credit rating from S&P²¹ reflecting the credit rating agency's evaluation of QCII's consolidated operations and its ability to meet its long-term debt obligations.

The proposed transaction is in the public interest. The impact of the proposed reorganization should not adversely affect QC's ability to continue providing reliable services to its customers, as well as the long distance customers acquired from QLDC.

- Neither QCII nor QC will be harmed financially. The proposed reorganization shuffles the contents of QCII's consolidated operations so that QLDC's operations will be reported within QC's operations. Long-distance operations represented \$2.1 billion or approximately 15 percent of QCII's \$13.9 billion in total 2007 revenues, and local voice revenues totaled \$8.1 billion or approximately 58 percent of total QCII 2007 revenues.²² QCII and QC currently have the same credit ratings,²³ and reporting QLDC's long-distance operations either inside or outside of QC's operations should have little effect upon the credit ratings of either QC or QCII.
- The Applicants submit that the elimination of QLDC will reduce the administration burden, record-keeping, and the number of affiliate transactions. QC currently performs billing functions for QLDC, and it is already authorized to provide long distance services. QLDC customers will see no changes in their offerings or rates,

¹⁸ *Ibid.* at 55 and 57.

¹⁹ *Ibid.* at 42.

²⁰ *Ibid.* at 29.

²¹ *Ibid.* at 45.

²² *Ibid.* at 29

²³ United States Securities and Exchange Commission Form 10-K for Qwest Communications International, Inc. for the fiscal year ended December 31, 2007 at 45; and United States Securities and Exchange Commission Form 10-K for Qwest Corporation for the fiscal year ended December 31, 2007 at 33.

and the reorganization will not change the description of their service provider on the bills they receive.²⁴ It should be transparent to QLDC customers, and no requirement for customer notice exists.

C. THE APPLICANTS HAVE COMPLIED WITH THE REQUIREMENT TO REQUEST PRIOR COMMISSION APPROVAL FOR THE PROPOSED TRANSACTION

The Applicants filed the Application on February 7, 2006, and the internal reorganization that will result in the merger of QC and QLDC into a single entity has not occurred. [TRADE SECRET DATA HAS BEEN EXCISED]. The Applicants do not plan to close the transaction without Commission approval, and no violation of Minn. Stat. §§ 237.23 or 237.74, subd. 12 is expected to occur.

D. QLDC'S OPERATING AUTHORITY SHOULD BE CANCELLED UPON THE COMMISSION'S APPROVAL OF THE PROPOSED MERGER AND THE CLOSING OF THE TRANSACTION

QLDC does not plan to continue operating under its existing Certificate of Authority and customer notice is not required. Applicants state that the proposed corporate restructuring will consolidate QC and QLDC operations into a single entity in Minnesota, with QC emerging as the surviving corporation.²⁵ QLDC customers currently receive charges for QLDC services as charges for "Qwest Long Distance" that are reflected in QC bills, and the reorganization will not change these bill descriptions.²⁶ Customer notice may confuse customers because the transaction is expected to be transparent from their perspective. QC reports no plans to reuse QLDC for business purposes in future operations.²⁷ Upon approval of the proposed merger by the Commission and the closing of the transaction, QLDC's certificate should be relinquished subject to the following conditions (see attached Relinquishment Checklist):

- QC should file a revised tariff to incorporate QLDC's catalogs and rate lists.
- QC is responsible for any remaining regulatory assessments as well as the filing of 2007 and 2008 jurisdictional annual reports for QLDC.
- Applicants shall inform the Commission within 20 days of the closing of the merger.

²⁴ Application at 5.

²⁵ Application at 1 and 3.

²⁶ *Ibid.* at 4.

²⁷ February 14, 2008 electronic reply by QC in response to the Department's February 14, 2008 electronic information request asking if QC intended to use the name, QLDC, for business purposes in future operations.

V. COMMISSION ALTERNATIVES

- Approve the merger of Qwest Corporation and Qwest LD Corp. and cancel QLDC's certificate of authority upon completion of the proposed reorganization and satisfaction of the specified compliance requirements.
- QC should file a revised tariff to incorporate QLDC's catalogs and rate lists.
- QC is responsible for any remaining regulatory assessments as well as the filing of 2007 and 2008 jurisdictional annual reports for QLDC.
- Applicants shall inform the Commission within 20 days of the closing of the merger.
- Approve the Application with Modifications.
- Reject the Application.

VI. RECOMMENDATION

- Approve the merger of Qwest Corporation and Qwest LD Corp. and cancel Qwest LD Corp.'s certificate of authority upon completion of the proposed reorganization and satisfaction of the specified compliance requirements.
- Qwest Corporation should file a revised tariff to incorporate Qwest LD Corp.'s catalogs and rate lists.
- Qwest Corporation is responsible for any remaining regulatory assessments as well as the filing of 2007 and 2008 jurisdictional annual reports for Qwest LD Corp.
- Applicants shall inform the Commission within 20 days of the closing of the merger.

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EXHIBIT 4

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Notification of Qwest
Corporation's Intended Merger with
QLDC

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DOCKET NO. 08-049-15
ORDER APPROVING TRANSFER OF
CONTROL

SYNOPSIS

The Commission finds the proposed merger of Qwest Corporation and QLDC to be in the public interest and approves the same.

ISSUED: June 24, 2008

By The Commission:

PROCEDURAL HISTORY

On April 10, 2008, Applicant Qwest Corporation ("QC") filed a Notification of Qwest Corporation's Intended Merger with QLDC ("Notification") seeking Commission waiver of the customer notice requirements of *Utah Code Ann.* § 54-8b-18 and Commission Rule 746-349-5, as well as an indication by the Commission of its agreement with the legal rationale contained in the Notification pertaining to the proposed merger. In addition, once QLDC ceases to exist as a corporate entity, there will no longer be a need for QLDC to be registered as a telecommunications company. Accordingly, QLDC requests cancellation of its registration.

On June 3, 2008, the Division of Public Utilities ("Division") filed a memorandum of its investigation of the proposed merger recommending approval of the same.

DISCUSSION, FINDINGS, AND CONCLUSIONS

QC is an incumbent local exchange carrier and regional Bell operating company authorized to provide telecommunications services in Utah. QC is a Colorado corporation with its principal office and place of business in Denver, Colorado, and is an indirect subsidiary of Qwest Communications International, Inc.

QLDC was created as a QC affiliate in order to satisfy the legal requirements of Sections 271 and 272 of the federal Telecommunications Act of 1996 ("Act") for the provision of interLATA interexchange services. QLDC serves its customers by reselling services it purchases from Qwest Communications Corporation ("QCC"), another affiliate of QC and a registered telecommunications carrier. QLDC's customer base is consumer residential and small business. QLDC does not sell any local services. QLDC provides services only in the service territory where QC provides local exchange services as an incumbent in fourteen western states, including Utah.

The proposed merger will be undertaken to effectuate an internal corporate restructuring of QC and QLDC whereby QC and QLDC will be consolidated into a single entity with QC as the surviving entity. Applicant states this restructuring will serve the public interest by allowing QC the flexibility to package local and long distance service in a similar fashion to that which is currently being done by QC's competitors. It will also simplify legal relationships because customers will be subscribing from a single legal entity where before there were two.

Applicant also states the restructuring should be invisible to customers and not result in any immediate material impact as QLDC customers will see no changes in offerings or

DOCKET NO. 08-049-15

-3-

rates and will continue to receive services under the "Qwest" brand. All services and rates that are available to customers of QLDC and QC shall continue to be available post-reorganization.

Applicant notes the consolidation of QC and QLDC is made possible by the sunset of Qwest's obligations under Section 272 of the Act which required that a separate corporate affiliate be maintained to provide interLATA services after Qwest obtained the authority under Section 271 to provide interLATA services. With the sunset of this requirement, QC plans to move the long distance affiliate QLDC into QC, thereby simplifying and unifying local and long distance voice services for mass market customers into a single provider while reducing administrative burden, record-keeping, and the number of affiliate transactions.

The Division concludes the proposed restructuring is in the public interest. Given that the transaction will be transparent to consumers, the Division concurs with QC that the anti-slamming protections set forth in *Utah Code Ann.* § 54-8b-18 and -29 Commission Rule 746-349-5 would only cause customer confusion. The Division also notes the Federal Communications Commission has held it is not necessary to notify customers in connection with this type of restructuring pursuant to 47 CFR § 64.1120(e)(3). The Division therefore recommends the Commission waive its anti-slamming requirements.

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 Notification no party has sought intervention in this matter. We therefore view this matter as unopposed and uncontested and conclude it is in the

DOCKET NO. 08-049-15

-4-

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, we find and conclude that the proposed merger 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. We further find and conclude good cause exists to waive the requirements of *Utah Code Ann.* § 54-8b-18 and Commission Rule 746-349-5. Finally, although QLDC has requested cancellation of its "registration" upon approval of the proposed merger, we note QLDC is not a certificated telecommunications provider within the state of Utah such that we need take no action regarding said request.

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 merger between Qwest Communications and QLDC is approved. The anti-slamming requirements contained in *Utah Code Ann.* § 54-8b-18 and Commission Rule 746-349-5 are waived.
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

DOCKET NO. 08-049-15

-5-

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 24th day of June, 2008.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
G#57851