

ORIGINAL

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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ARIZONA CORPORATION COMMISSION
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IN THE MATTER OF THE JOINT
APPLICATION OF VERIZON LONG
DISTANCE LLC AND VERIZON
ENTERPRISE SOLUTIONS LLC FOR
TRANSFER OF CUSTOMER BASE

DOCKET NO.

T-03289A-14-0192
T-03198A-14-0192

JOINT APPLICATION FOR TRANSFER OF CUSTOMER BASE

This is an application by Verizon Long Distance LLC (“VLD”) and Verizon Enterprise Solutions LLC (“VES”) (collectively, the “Applicants”) for approval of the transfer of VES’s long distance business in Arizona to VLD, the discontinuance by VES of its interexchange services in Arizona and for such other approvals that are necessary due to an internal corporate reorganization to complete this transaction. The transaction will not result in a change of the affected customers’ rates, terms, and conditions for their regulated services, except that those customers who were previously served by VES will be served by VLD going forward. This transaction is part of a multi-state initiative to consolidate the provision of telephone services that are currently provided through multiple and duplicative state-specific subsidiaries. The Applicants are coordinating proceedings in multiple states with an expected implementation date of November 15, 2014.

201 E. Washington St., Suite 1200
Phoenix, AZ 85004-2595

**LEWIS ROCA
ROTHGERBER**

1 Accordingly, to allow sufficient time for processing and implementation,
2 Applicants request approval no later than the Commission's September Open Meeting.
3 This Application is filed pursuant to the Commission's slamming rules, AAC R-14-2-
4 1901 to -1913 and its discontinuation of service rule, AAC R-14-2-1107.

5 **I. The Parties and the Transaction**

6 A. The Parties

7 1. VLD holds a CCN to provide competitive interLATA/intraLATA
8 resold telecommunications (except local exchange services) in Arizona pursuant to
9 Decision No. 61845. It had less than \$1 million in jurisdictional revenues in Arizona
10 during 2013. VLD is a wholly owned subsidiary of Verizon New York Inc.¹

11 2. VES holds a CCN to provide competitive interLATA/IntraLATA
12 resold telecommunications (except local exchange services) in Arizona pursuant to
13 Decision No. 61603. It had less than \$1 million in jurisdictional revenues in Arizona
14 during 2013. VES is a wholly owned subsidiary of Verizon New York Inc.²

15 B. The Transaction

16 VLD is acquiring VES's long distance related business in Arizona and in other
17 states in which it currently operates. VES will transfer its accounts receivable, liabilities,
18 and customer relationships related for its long distance operations in Arizona (and other
19 states) to VLD. The transaction will be entirely pro forma in that it will involve only
20 Verizon New York Inc. subsidiaries and no non-affiliated entity. Customers will
21 continue receiving the same services from VLD as they were receiving before the
22 transaction from VES. In addition, VLD will assume all the contracts and customer
23 relationships under which VES provides service in Arizona to its retail customers.
24

25 _____
26 ¹ Verizon New York Inc. is a wholly owned subsidiary of NYNEX LLC, which in turn is wholly owned by the
publicly traded parent corporation, Verizon Communications Inc.

² Verizon New York Inc. is a wholly owned subsidiary of NYNEX LLC, which in turn is wholly owned by the
publicly traded parent corporation, Verizon Communications Inc.

1 **II. Scope of the Application**

2 VES and VLD seek a waiver of the Commission's slamming rules, AAC R-14-2-
3 1901 to -1913; approval (to the extent required for a merger of this kind) for the
4 discontinuance of VES's interexchange service under AAC R-14-2-1107; and for such
5 other approvals that may be deemed necessary. VES and VLD are exempt from the
6 statute that applies to mergers by public service corporations, A.R.S. § 40-285 because
7 they exclusively provide competitive, interexchange services.³ They also are exempt
8 from the Arizona affiliated interest rules, AAC R14-2-801 to -806, because they each
9 have less \$1 million in jurisdictional revenues.

10 **III. Waiver of Slamming Regulations**

11 Applicants seek a waiver of AAC R-14-2-1901 to -1913 and any other applicable
12 slamming regulations that may be inconsistent with the FCC's rules regarding the
13 transfer of customer bases. VES will begin providing customers bill message notices of
14 the pending transfer to VLD on or about September 1, 2014. The notices will inform
15 VES's customers that they have the right to select any available provider for regional toll
16 and long distance services, and that they may choose to switch to another carrier at any
17 time before or after the merger. VES will not assess any carrier change charge or fees on
18 its customers if they choose to change to another carrier before the merger. Because the
19 notice informs customers that the rates, terms and conditions of service will not change
20 as a result of this proposed transfer and informs customers that they may subscribe to the
21 telecommunications service provider of their choice, a waiver of these regulations is
22 appropriate and consistent with past Commission decisions.

23 **IV. Approval of Discontinuance of Interexchange Service by VES**

24 VES and VLD request approval for the discontinuance of VES's interexchange
25 service pursuant to AAC R-14-2-1107 in the event the Commission determines such
26 _____

³ A.R.S. § 40-285(F) provides an exemption for providers such as VLD and VES that provide competitive services.

1 approval is necessary. To be clear, services will not be discontinued to any customer
2 because VES's former customers will be served by VLD unless they choose another
3 service provider. Because VES will be merged into VLD, however, VES will cease to
4 exist and obviously will no longer be providing service and its CCN and tariffs should be
5 cancelled effective upon the consummation of the transaction. As noted in the previous
6 section, all affected customers will be notified of the transaction and may receive service
7 from VLD or another provider of their choice. A list of interexchange service carriers
8 providing interexchange service in Arizona is filed herewith as Attachment A.

9 The Applicants respectfully request that the Commission waive the notice and
10 publication requirements in the discontinuance rule. As noted above, customers will
11 receive notice as required by the FCC. Because the customers will continue to receive
12 service, a second notice of discontinuance will be confusing to customers and in this
13 instance should not be required.

14 **V. Designated Contact**

15 For the purposes of this filing, questions or any correspondence, orders, or other
16 materials should be directed to the following contacts for the Parties:

17 **Michael Hallam**
18 **Lewis Roca Rothgerber**
19 **201 E. Washington St, Suite 1200**
20 **Phoenix, AZ 85004**
Phone: 602-262-5340
Mhallam@lrrlaw.com

21 **VI. Relief Requested**

22 Applicants request that the Commission waive the Commission's slamming
23 regulations, AAC R-14-2-1901 to -1913; approve (if deemed necessary by the
24 Commission) the discontinuance of VES's interexchange service under AAC R-14-2-
25 1107; and provide such other approvals as the Commission deems necessary for the
26 Applicants to complete the transactions described in this Application. The parties

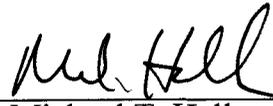
201 E. Washington St., Suite 1200
Phoenix, AZ 85004-2595

**LEWIS ROCA
ROTHGERBER**

1 respectfully request that the Commission approve the transaction no later than at the
2 September 2014 Open Meeting.

3 RESPECTFULLY SUBMITTED this 17th day of June, 2014.

4 LEWIS ROCA ROTHGERBER, LLP

5
6 By 
7 Michael T. Hallam
8 201 E. Washington, Suite 1200
9 Phoenix, Arizona 85004
10 Attorneys for Applicants

11 ORIGINAL and thirteen (13) copies
12 of the foregoing filed
13 this 17th day of June, 2014, with:

14 The Arizona Corporation Commission
15 Utilities Division – Docket Control
16 1200 W. Washington Street
17 Phoenix, Arizona 85007

18 Copy of the foregoing hand-delivered
19 this 17th day of June, 2014, to:

20 Steve Olea
21 Utilities Division
22 Arizona Corporation Commission
23 1200 W. Washington Street
24 Phoenix, Arizona 85007

25 Lyn Farmer
26 Chief Administrative Law Judge, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Janice Alward, Chief Counsel
Legal Department
Arizona Corporation Commission
1200 W. Washington Street
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