



Agenda Date: 7/11/07
Agenda Item: IVH

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

TELECOMMUNICATIONS

IN THE MATTER OF THE JOINT PETITION	)	
OF QWEST COMMUNICATIONS	)	ORDER OF APPROVAL
CORPORATION AND ONFIBER CARRIER	)	
SERVICES, INC. FOR APPROVAL OF A	)	
PRO FORMA REORGANIZATION	)	DOCKET NO. TM07050325

(SERVICE LIST ATTACHED)

BY THE BOARD:

On May 21, 2007, Qwest Communications Corporation (QCC) and OnFiber Carrier Services, Inc. (OnFiber) (collectively, Petitioners), by their counsel and pursuant to N.J.S.A. 48:3-7, filed a petition with the Board of Public Utilities (Board) requesting authority to effectuate an internal corporate restructuring of QCC and OnFiber. Upon consummation, the proposed restructuring will merge OnFiber, its immediate corporate parent and its affiliates with and into QCC with QCC emerging as the surviving corporation. OnFiber's customers will become customers of QCC which will provide telecommunications services to those customers at the same rates, terms and conditions that they currently receive. OnFiber will cease operations in New Jersey, and surrender its authority to provide service in this State. Petitioners are also seeking a waiver of the Board's mass migration rules contained in N.J.A.C. 14:10-12.1 et seq.

BACKGROUND

QCC is a Delaware corporation whose principal place of business is located in Denver, Colorado. According to Petitioners, QCC provides competitive voice, video and data services primarily to retail and wholesale enterprise, government and business customers throughout the United States. QCC is authorized to provide various forms of telecommunications services in all 50 states, Puerto Rico, and the District of Columbia. In New Jersey, QCC was authorized to provide facilities-based local exchange telecommunications services on May 12, 2004. See Order, I/M/O the Petition For an Order Authorizing Qwest Communications Corporation To Provide Local Exchange Services in The State of New Jersey, Docket No. TE98121421. QCC is an indirect corporate parent of OnFiber.

OnFiber is a Delaware corporation whose principal office is located in Denver, Colorado. OnFiber is a direct wholly-owned subsidiary of OnFiber Communications, Inc., which in turn is a direct, wholly-owned subsidiary of QCC. Both OnFiber and QCC are ultimately owned by Qwest Communications International Inc. (QCI), a Delaware corporation whose stock is publicly traded

on the New York Exchange. According to the petition, OnFiber provides point-to-point, high-capacity data transport services to enterprise customers and carriers. OnFiber does not provide service to residential customers. In New Jersey OnFiber was authorized to provide services on December 19, 2000. See I/M/O the Petition for an Order Authorizing OnFiber Carrier Services, Inc. to Provide Local Exchange and Intrastate Toll Telecommunications Services, Docket No. TE00040257. In New Jersey, OnFiber Services provides services to 8 enterprise customers pursuant to the terms of negotiated contracts.

DISCUSSION

QCC acquired OnFiber, together with its corporate parent and affiliates, on August 31, 2006. See Order of Approval, I/M/O the Joint Petition of Qwest Communications Corporation and OnFiber Communications, Inc. for Approval to Transfer Control of OnFiber Carrier Services, Inc. to Qwest Communications Corporation, Docket No. TM06060438 (August 10, 2006). As a result of that acquisition, OnFiber became an indirect, wholly-owned subsidiary of QCC. Petitioners state that since acquiring OnFiber, QCC has concluded it is necessary to undertake a restructuring in order to consolidate and streamline the operations of both companies. The proposed restructuring will be effectuated by the following steps:

- 1 OnFiber, together with its affiliates, will merge with and into their immediate corporate parent, OnFiber Communications, Inc., with OnFiber Communications Inc. emerging as the surviving corporation.
2. OnFiber Communications Inc. will then merge with and into QCC, with QCC emerging as the surviving corporation.

Following this, QCC will incorporate into its tariffs the rates, terms and conditions of service currently contained in OnFiber's tariffs, to the extent those rates, terms and conditions do not already appear in QCC's tariffs. The petition states that QCC will honor the current rates, terms and conditions of service in OnFiber's tariffs, to the extent those rates, terms and conditions do not already appear in QCC's tariffs, and will honor the terms of all current contracts. Once the restructuring is complete, OnFiber will withdraw its New Jersey operating authority and its intrastate tariff on file with the Board.

Petitioners are also seeking a waiver of the Board's mass migration rules in connection with this restructuring. Petitioners point out that the customers of OnFiber are enterprise customers, limited in number (8), and do not obtain any switched services, thus they are not served by OnFiber with dial tone, telephone number provisioning, operator services or 911 services. These customers will be notified by letter of the proposed transfer at least 30 days in advance of the proposed transfer. The letter notes that QCC will honor any agreements and terms with customers, and also notes that customers are free to choose another carrier. Given the sophistication and limited number of customers, Petitioners request that the Board waive the need for compliance with the mass migration rules.

FINDINGS AND CONCLUSIONS

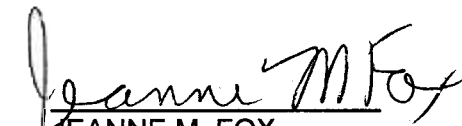
Accordingly, after careful review of this matter, the Board FINDS that the transaction will have no negative impact on competition, the rates of current customers, or on employees. The Board also FINDS that the transfer will have no negative impact on the provision of safe, adequate and proper service, and moreover, a positive benefit may be expected from the strengthening of QCC's competitive posture in the telecommunications market.

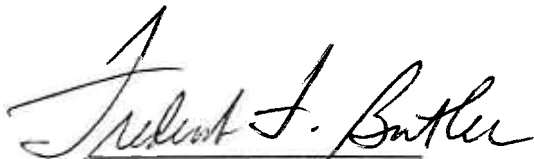
Therefore, the Board, after investigation, having considered the record and exhibits submitted in this proceeding, FINDS that the transfer is in accordance with the law and in the public interest. The Board also FINDS that, in accordance with N.J.S.A. 48:2-59 and 48:2-60 and N.J.S.A. 52:27EE-52, QCC is responsible for the filing of OnFiber's final annual report with the Board, and for the payment of any outstanding assessment liabilities to the Board and to the Division of Rate Counsel.

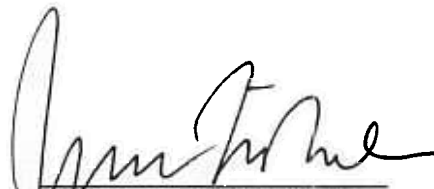
The Board FURTHER FINDS that the mass migration rules are not relevant in this instance given the nature of OnFiber's customers. Thus the requested waiver is HEREBY APPROVED provided that Petitioners send the proposed notice to customers in compliance with N.J.A.C. 14:10-12.5(b). The Board HEREBY ORDERS that Petitioners shall notify the Board of the closing of the proposed transaction within ten (10) days of consummation of the transfer.

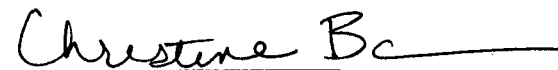
DATED: 7/12/07

BOARD OF PUBLIC UTILITIES
BY:

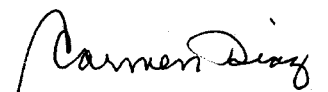

JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER


CHRISTINE V. BATOR
COMMISSIONER

ATTEST:


CARMEN DIAZ
ACTING SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities

