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July 8, 2009

ATTN: Filing Center
Public Utilities Commission of Oregon
550 Capitol Street, N.E., Suite 215
Salem, OR 97301-2551

Re: Joint Application of Verizon Communications
Inc. and Frontier Communications Corp.
UM 1431

Dear Sir or Madam:

Enclosed for filing please find the original and one copy of the Answer to Applicants' Motion for an Order Declining Jurisdiction filed on behalf of International Brotherhood of Electrical Workers, Local 89, in the above-referenced proceeding.

The document has been served on all parties as shown on the attached Certificate of Service.

Sincerely,



Enclosure

cc: per Certificate of Service
Paul C. Hays
Ray Egelhoff

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1431

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|---|---|---|
| In the Matter of |) | |
| |) | |
| Verizon Communications, Inc., and Frontier Communications Corporation |) | IBEW ANSWER TO APPLICANTS' MOTION FOR AN ORDER DECLINING JURISDICTION |
| |) | |
| Joint Application for an Order Declining to Assert Jurisdiction, or, in the Alternative, to Approve the Indirect Transfer of Control of Verizon Northwest, Inc. |) | |
| |) | |

Pursuant to the schedule established in the Prehearing Conference Report and Ruling, International Brotherhood of Electrical Workers, Local 89 (“IBEW”), files this Answer to the Motion for an Order Declining Jurisdiction filed by Frontier Communications Corp. and Verizon Communications Inc. (collectively, “Applicants”).

Applicants recognize that less than two months ago the Commission ruled that the merger of two telephone utilities’ parent companies is subject to the Commission’s jurisdiction under ORS 759.375 and 759.380. *Embarq Corp. and CenturyTel, Inc.*, Order No. 09-169, UM 1416 (May 11, 2009). In that order, the Commission held:

The ... statutory language “By any means whatsoever, directly or indirectly” is very broad. Because the transaction begins with three telecommunications utilities (ILECs) owned by two different companies and ends with all three ILECs being owned by a single parent (CenturyTel), we conclude ORS 759.375(1)(c) applies to the merger transaction. In other words, the Embarq ILEC is properly viewed as “indirectly” merging with the CenturyTel ILECs through the stock swap of their respective parent holding companies.

Id., p. 5.

The same rationale applies to this transaction. The parent companies of two Oregon ILECs are merging. Ownership, operations, and control of the two ILECs will be joined (even

though each ILEC will retain a separate corporate identity for the time being). In fact, in his recently filed direct testimony, Frontier's Chief Operating Officer describes the effect of the transaction as follows: "Current Frontier management is expected to manage and control the day-to-day operations of Frontier and its operating subsidiaries, including the assets transferred to it through the transaction proposed here, as well as Frontier's existing Oregon operations." Direct Testimony of Daniel McCarthy, p. 13.

Later in his testimony, Mr. McCarthy explains that if the transaction is approved all of Frontier's operations in Oregon would be operated by a General Manager for Oregon who would report to the General Manager for Frontier's West Region. *Id.*, pp. 47-49. Thus, the common management, control, and operation of both Oregon ILECs would occur not only at the corporate level, but also at the regional and state levels. Regardless of the number of corporate subsidiaries involved, there is little doubt that Frontier intends to operate its Oregon ILECs in a common manner.

On page 3 of their Motion, Applicants assert that ORS 759.375 applies only if the two Oregon ILECs "ultimately end up merged together." That is not a correct reading of the statute. ORS 759.375 does not require a complete merger of the two companies. The statute also applies to two telecommunications utilities that "merge or consolidate any of its lines, plant, system, or other property whatsoever" (emphasis added). It certainly appears likely that various "systems" or "other property" of the two Oregon ILECs will be consolidated in some fashion, particularly through services provided at the State or Regional level.¹

In summary, based on the Application and direct testimony filed by the Applicants, there is little question that the proposed transaction would result in the consolidation of at least some

¹ Neither the Application nor direct testimony discuss the specific services, systems, or other property provided by Frontier's West Region. IBEW has requested such information in a data request filed on July 6, 2009.

of the “systems” or “other property” of Verizon Northwest and Frontier Oregon. As such, the proposed transaction is subject to the Commission’s jurisdiction under ORS 759.375.

If there is any question that this would be the case, the Commission should defer ruling on the Applicants’ motion until a full evidentiary record is developed concerning the specific nature of the consolidation of functions that would occur if the proposed transaction is approved.

WHEREFORE, for the reasons set forth above IBEW respectfully requests that the Commission deny the Applicants’ Motion for an Order Declining Jurisdiction. In the alternative, the Commission should defer ruling on the Motion until a full record is developed concerning the specific consolidation of functions that would occur if the proposed transaction is approved.

Respectfully submitted,



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Dated: July 8, 2009

**UM 1431
CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon all of the following parties by electronic mail.

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Dated: July 8, 2009