

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Joint Application of Journal Communications,
Inc., Norlight Telecommunications, Inc.
(U 5674 C),

vs.

Q-Comm Corporation, for Approval of the
Transfer of Control of Norlight
Telecommunications, Inc. to Q-Comm
Corporation,

Application 06-11-022
(Filed November 30, 2006)

OPINION GRANTING TRANSFER OF CONTROL

I. Summary

This decision authorizes the transfer of control of Norlight Telecommunications, Inc. (Norlight) to Q-Comm Corporation (Q-Comm). The application is unopposed. This proceeding is closed.

II. The Application

Journal Communications, Inc. (Journal), Norlight, and Q-Comm, collectively Applicants, pursuant to § 854 of the Pub. Util. Code, request

approval of a transaction that will result in the transfer of control of Norlight to Q-Comm.¹ Norlight holds authority from the Commission to provide intrastate telecommunications services in California.

III. The Proposed Transaction

On November 13, 2006, Norlight, and Q-Comm, entered into a Stock Purchase Agreement pursuant to which Journal will sell to Q-Comm all of the stock of Norlight, owned by Journal's wholly-owned subsidiary, The Journal Company. As a result, control of Norlight will be transferred to Q-Comm and Norlight will be a wholly-owned subsidiary of Q-Comm.

Applicants emphasize that the transfer of control will not involve a change in the name under which Norlight currently operates nor a change in the manner in which Norlight currently offers service in California. Immediately following the transfer of control, Norlight will continue to offer the services it currently offers with no change in the rates or terms and conditions of service. Applicants state that the transfer of control of Norlight, therefore, will be seamless and transparent to consumers in California.

IV. The Parties

A. Norlight Telecommunications, Inc.

Norlight is a corporation organized under the laws of the State of Wisconsin with principal offices located at 13935 Bishops Drive, Brookfield, Wisconsin 53005. Norlight is currently a wholly-owned subsidiary of The

¹ Applicants state that Norlight previously obtained Commission approval for the spin off of Norlight from Journal. See Commission's Acceptance of Norlight's Advice Letter No. 3, effective July 27, 2006. The spin off, however, will not occur and the transaction described in this Application will replace the spin off. Norlight will separately file a notice of non-consummation for the spin off upon completion of this transaction.

Journal Company, which in turn is a wholly-owned subsidiary of Journal. Norlight is a facilities-based communications company with more than 30 years of experience providing network and Internet Protocol and Enhanced services over its regional fiber network to 1400 wholesale and commercial customers in the upper Midwest.

Norlight is a non-dominant carrier that holds authority to provide intrastate interexchange telecommunications services in approximately 30 states and competitive local exchange telecommunications services in approximately six (6) states. In California, Norlight is authorized to provide interLATA and intraLATA telephone service as a nondominant interexchange carrier pursuant the Decision (D.) 96-09-062 issued by the Commission in Application (A.) 96-06-022 on September 20, 1996. Norlight is also authorized by the Federal Communications Commission (FCC) to provide domestic interstate and international telecommunications services.

B. Journal Communications, Inc.

Journal is a Wisconsin corporation with principal offices located at 333. W. State St., Milwaukee, Wisconsin 53203-1309. Journal is a publicly-traded (NYSE:JRN) diversified media and communications company with operations in publishing, radio and television broadcasting, and printing services. Journal publishes the Milwaukee Journal Sentinel, which serves as the only major daily newspaper in the Milwaukee metropolitan area, and about 80 community newspaper and shoppers in eight states. Journal owns and operates 36 radio stations and nine television stations in 12 states and operates two television stations under local marketing agreements. Journal also provides a wide range of commercial and electronic printing services, and operates a direct marketing services business. Journal does not provide any intrastate telecommunications

services and does not hold any certificates or authorizations from this Commission.

C. Q-Comm Corporation

Q-Comm is a privately held Nevada corporation with its principle offices at 10408 Natural Springs, Las Vegas, Nevada 89129, and which holds the stock of multiple subsidiaries including several regional telecommunications service providers: Kentucky Data Link, Inc. (KDL), Cinergy Communications Company (CCC) and Cinergy Metronet, Inc. (CMN). (KDL, CCC, and CMN collectively, the Q-Comm Ops.) The Q-Comm Ops operate an executive office out of 8829 Bond St., Overland Park, Kansas 66214, and an operations office out of 3701 Communications Way, Evansville, Indiana 47715.

V. Qualifications of Q-Comm

Q-Comm, through its operating subsidiaries, has demonstrated the technical, managerial, and financial qualifications to acquire control of Norlight. Through its subsidiary, Cinergy Communications Company, Q-Comm has provided residential and business customers with facilities-based and resold local exchange service, as well as interexchange telephone services. Kentucky Data Link and its subsidiaries Cinergy Telecommunications Networks - Ohio, Inc., Knoxville Data Link, Inc. and KDL of Virginia, Inc., operate an extensive fiber optic network and are authorized to provide local exchange and interexchange telecommunications services in several states. Cinergy MetroNet, Inc., provides a "triple play" of services including cable television, security services, broadband and facilities-based local exchange services to residential and business customers in underserved rural communities in Indiana.

VI. Financial Showing

Applicants furnished under seal as Exhibit D to the application, the most recent financial statements for Q-Comm. These documents show that Q-Comm meets the Commission's financial standard applicable to parties seeking control of facilities-based carriers.

VII. Motion for Protective Order

Pursuant to Pub. Util. Code § 583 and General Order (GO) No. 66-C, Applicants request that the financial information and terms of the proposed transaction submitted in the application be kept under seal. Applicants represent that the information is proprietary and sensitive, and the information, if revealed, would place Q-Comm at an unfair business disadvantage. We have granted similar requests in the past and will do so here.

VIII. Public Interest Considerations

The sole issue in this proceeding is whether, upon the acquisition of control by Q-Comm, Norlight will continue to have requisite managerial, financial, and technical support to provide service, and whether granting this application is otherwise with the public interest.

Q-Comm and its operating subsidiaries are operated by a highly qualified management team, all of whom have extensive backgrounds in the telecommunications industry. In addition to the expertise Q-Comm Corporation's management has developed within the company, several managers of Q-Comm Corporation have held positions with a number of other companies in the communications industry prior to joining Q-Comm. Management biographies for the Q-Comm management team were attached to the Application as Exhibit C. Q-Comm's management team will augment the

existing management of Norlight, which Applicants currently expect to remain with Norlight immediately following completion of the transaction.

Applicants submit that the transaction will serve the public interest. The transaction will provide Norlight and Q-Comm Ops with access to each other's substantial technical and management expertise and complementary services and facilities. These benefits are expected to strengthen the companies' ability to expand their offerings and provide more advanced services to a broader customer base. Therefore, Applicants expect that the transaction will enable the companies to strengthen their competitive positions to the benefit of California consumers.

Further, Applicants state that the transaction will be conducted in a manner that will be transparent to Norlight's customers. The transfer of control of Norlight will not result in a change of carrier for customers or any transfer of authorizations. Following consummation of the transaction, Norlight will continue to provide high-quality communications services to its customers without interruption and without immediate change in rates, terms or conditions. Applicants believe the transfer of control of Norlight therefore will be seamless and transparent to consumers in terms of the services they receive.

IX. Discussion

Joint Applicants seek approval of the proposed transfer of control pursuant to Pub. Util. Code § 854(a), which, in relevant part, states:

No person or corporation ... shall merge, acquire, or control ... any public utility organized and doing business in this state without first securing authorization to do so from the commission. . . . Any merger, acquisition, or control without that prior authorization shall be void and of no effect.

The Commission has broad discretion to determine if it is in the public interest to authorize a transaction pursuant to § 854(a).² The primary standard used by the Commission to determine if a transaction should be authorized under § 854(a) is whether the transaction will adversely affect the public interest.³ The Commission may also consider if the transaction will serve the public interest.⁴ Where necessary and appropriate, the Commission may attach conditions to a transaction in order to protect and promote the public interest.⁵

For the following reasons, we conclude that it is reasonable to grant this § 854(a) application. First, Norlight will continue to operate as it has in the past, using the same name and operating authority. Second, the public may benefit from the transfer of control to the extent the transaction enhances the ability of Norlight to raise capital, maintain and expand its services and operations in California. Third, there is no opposition to this application. For these reasons, we see no reason to withhold authority for the transfer of control before us here.

X. Categorization and Need for Hearing

In Resolution ALJ 176-3184, dated December 14, 2006, the Commission preliminarily categorized this proceeding as ratesetting, and preliminarily determined that hearings were not necessary. No protests have been received. Given this status, public hearing is not necessary and it is not necessary to alter the preliminary determinations made in Resolution ALJ 176-3184.

² D.95-10-045, 1995 Cal. PUC LEXIS 901, *18-19.

³ D.00-06-079, p. 13.

⁴ D.00-06-005, 2000 Cal. PUC LEXIS 281, *4.

⁵ D.95-10-045, 62CPUC 2d 160, 167-68.

XI. Waiver of Comment Period

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. Code 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

XII. Assignment of Proceeding

Rachelle Chong is the assigned Commissioner and Bertram D. Patrick is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. Norlight is authorized by D.96-09-062 to provide limited facilities-based and resold local exchange and interexchange services in California.
2. Q-Comm seeks authority to acquire control of Norlight through purchase of Norlight stock.
3. Pub. Util. Code § 854(a) requires Commission authorization to transfer control of a public utility. Any transfer of control without Commission authorization is void under the statute.
4. Norlight will continue offering its current services and use the same name and authority after the transfer of control.
5. Norlight is current on reporting and transmitting the user fees applicable to its California operations.
6. Upon completion of the transaction, Norlight will continue to be operated by the management team.
7. There is no opposition to this application.

Conclusions of Law

1. This is a ratesetting proceeding and no hearing is necessary.
2. This application should be approved and become effective immediately because it is not adverse to the public interest.

3. Approval of this application is not a finding of value of the rights and property being transferred.

O R D E R

IT IS ORDERED that:

1. Q-Comm Corporation (Q-Comm) is authorized, pursuant to Pub. Util. Code §§ 851-854, to purchase stock in Norlight Telecommunications, Inc. (Norlight), and to thereby acquire control over Norlight as more fully described in the application and exhibits attached to the application.

2. The request of Q-Comm to have the financial information filed with this application kept under seal is granted for two years from the effective date of this decision. During that period, the information shall not be made accessible or disclosed to anyone other than the Commission staff except on the further order or ruling of the Commission, the assigned Commissioner, the assigned Administrative Law Judge (ALJ), or the ALJ then designated as Law and Motion Judge.

3. If Q-Comm believes that further protection of the information kept under seal is needed, they may file a motion stating the justification for further withholding of the information from public inspection, or for such other relief as the Commission's rules may then provide. This motion shall be filed no later than one month before the expiration date.

4. Q-Comm shall notify the Director of the Commission's Telecommunications Division in writing of the transfer of control, as authorized herein, within 30 days of completion of the transaction. A true copy of the instrument(s) of transfer shall be attached to the notification.

5. Application 06-11-022 is closed.

This order is effective today.

Dated _____, at San Francisco, California.