

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Joint Application for Expedited Approval of the
Transfer of Ultimate Control of Sunesys, LLC
(U-6991-C).

Application 07-04-029
(Filed April 24, 2007)

OPINION AUTHORIZING CHANGE OF CONTROL**1. Summary**

This decision authorizes Quanta Services, Inc. (Quanta) to acquire control over Sunesys, LLC (Sunesys), a California facilities-based local exchange telecommunications service provider. The matter is unopposed. This proceeding is closed.

2. The Application

Sunesys is a wholly owned subsidiary of InfraSource Incorporated (InfraSource), whose ultimate corporate parent is InfraSource Services, Inc. (IFS), a publicly-held corporation. Upon Commission approval and completion of the proposed transaction, Quanta MS Acquisition, Inc. (Merger Sub), a wholly owned subsidiary of Quanta, will merge with and into IFS, resulting in IFS becoming a wholly owned subsidiary of Quanta, and Quanta becoming the new ultimate corporate parent of both InfraSource and Sunesys. Sunesys, IFS, and Quanta are referred to collectively herein as the Joint Applicants. No changes to Sunesys's current operations are contemplated. Pursuant to Pub. Util. Code § 854, Joint Applicants request approval of the proposed change in control over Sunesys.

3. The Parties

3.1. Sunesys

Sunesys is a Delaware Limited Liability Company whose sole member is its immediate parent InfraSource. Pursuant to a Status Letter effective November 21, 2006 responding to Advice Letter 4 for U-6991-C, the Commission confirmed the transfer of authority to Sunesys from Sunesys, Inc. with respect to the statewide facilities-based local exchange and interexchange telecommunications authority originally granted by the Commission in Decision (D.) 06-06-047. Sunesys's principal office is located at 202 Titus Avenue, Warrington, Pennsylvania 18976. Sunesys is currently authorized to provide telecommunications services and private line services in California.

3.2. InfraSource

Sunesys is a wholly owned subsidiary of InfraSource. InfraSource is a Delaware corporation with its principal place of business located at 100 West Sixth Street, Suite 300, Media, Pennsylvania 19063. InfraSource is one of the largest specialty contractors serving utility transmission and distribution infrastructure in the United States with annual revenues for the year ended December 31, 2006 in excess of \$900 million. InfraSource does not provide public utility services in California and is not certificated by the Commission.

3.3. IFS

IFS is currently the ultimate corporate parent of Sunesys. IFS is a Delaware corporation with its principal place of business located at 100 West Sixth Street, Suite 300, Media, Pennsylvania 19063. IFS' common stock is listed on the New York Stock Exchange. IFS does not provide public utility services in California and is not certificated by the Commission.

3.4. Merger Sub

Merger Sub, a wholly owned subsidiary of Quanta, is a Delaware corporation with its principal office located at 1360 Post Oak Blvd., Suite 2100, Houston, Texas 77056-3023. Merger Sub is not presently providing public utility services in California and is not certificated by the Commission. Merger Sub will not be providing such services following the merger.

3.5. Quanta

Quanta, a Delaware Corporation, is a leading provider of specialized contracting services, delivering end-to-end network solutions for the electric power, gas, telecommunications and cable television industries. The company's services include designing, installing, repairing and maintaining network infrastructure nationwide. Quanta's principal office is located at 1360 Post Oak Blvd., Suite 2100, Houston, Texas 77056. Quanta's common stock is listed on the New York Stock Exchange. Neither Quanta nor any of its subsidiaries provides public utility services in California or is certificated by the Commission.

4. Description of the Proposed Transaction

Pursuant to an Agreement And Plan Of Merger (Agreement) dated as of March 18, 2007 (Exhibit 1 to the application), entered into among Quanta, Merger Sub, and IFS, ultimate control of Sunesys is proposed to be transferred as follows:

- Merger Sub will merge with and into IFS (the Merger). As a result of the Merger, the separate corporate existence of Merger Sub will cease and IFS will be the surviving corporation and continue its existence under the same name and pursuant to the same authority that it currently holds under the laws of the State of Delaware.

- Upon consummation of the transaction, the directors and officers of Merger Sub will become the directors and officers of IFS, subject to applicable succession, resignation and removal provisions.
- Upon consummation of the transaction, 100% of the stock of IFS will be owned by Quanta, resulting in both InfraSource and Sunesys becoming wholly owned subsidiaries of Quanta. Organizational charts reflecting the corporate ownership structure relevant to Sunesys, both before and after closing of the transaction, are attached to the application as Exhibit 2.

5. Financial Showing

Joint Applicants provided as Exhibits 3, 4, and 5 financial statements of IFS and Quanta, and a copy of Sunesys's authority to transact business in California. These documents show that Quanta meets the Commission's financial standards applicable to parties seeking control of facilities-based carriers.

6. Public Interest Considerations

The sole issue in this proceeding is whether, upon the transfer to Quanta, Sunesys will continue to have the requisite managerial, financial, and technical support to provide service, and whether granting this application is otherwise consistent with the public interest.

Joint Applicants state that following completion of the transaction, the only change to Sunesys will be to its ultimate ownership and control and the transfer of control of Sunesys will be transparent to customers and will not have any adverse impact on them. Upon consummation of the transactions contemplated by the Agreement, Sunesys will continue to operate under the same name and operating authority as at present. The proposed transfer of control of Sunesys involves no disruption, impairment, or other change in the entity providing service to customers, the facilities used to provide such services,

or the rates, terms and conditions of such service. All existing tariffs will remain in place.

Further, Joint Applicants state that Sunesys's corporate management and officers will be unchanged as a result of the Merger. Similarly, the principal corporate officers for Sunesys will remain unchanged. Sunesys's current management team responsible for its day-to-day operation is expected to remain essentially the same. The proposed transaction will not have an adverse effect on non-management employees of Sunesys and no staff reductions are presently contemplated. In addition, the contact points for customers and Commission inquiries will remain the same after the transfer of control. Finally, Joint Applicants submit that the proposed transfer of control will have no impact on Sunesys's ability to fulfill its obligations to its employees with respect to their pension benefits.

7. 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).¹ The primary standard used by the Commission to determine if a transaction should be authorized

¹ D.95-10-045, 1995 Cal. PUC LEXIS 901, *18-19.

under § 854(a) is whether the transaction will adversely affect the public interest.² The Commission may also consider if the transaction will serve the public interest.³ Where necessary and appropriate, the Commission may attach conditions to a transaction in order to protect and promote the public interest.⁴

For the following reasons, we conclude that it is reasonable to grant this § 854(a) application. First, Sunesys 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 Sunesys 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.

8. Categorization and Need for Hearing

In Resolution ALJ 176-3192, dated May 24, 2007, 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 176-3192.

9. 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) and

² D.00-06-079, p. 13.

³ D.00-06-005, 2000 Cal. PUC LEXIS 281, *4.

⁴ D.95-10-045, 62CPUC 2d 160, 167-68.

Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

10. Assignment of Proceeding

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

Findings of Fact

1. Sunesys is authorized by D.06-06-047 to provide limited facilities-based and resold local exchange and interexchange services in California.
2. Quanta seeks authority to acquire control of Sunesys through purchase of Sunesys's 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. Sunesys will continue offering its current services and use the same name and authority after the transfer of control.
5. Sunesys is current on reporting and transmitting the user fees applicable to its California operations.
6. Upon completion of the transaction, Sunesys will continue to be operated by the same existing 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. Quanta Services, Inc. (Quanta) is authorized, pursuant to Pub. Util. Code §§ 851-854, to purchase stock in Sunesys, LLC (Sunesys) to thereby acquire control over Sunesys as more fully described in the application and exhibits attached to the application.

2. Quanta shall notify the Director of the Commission's Communications Division in writing of the transfer of control, as authorized herein, within 30 days of this order. A true copy of the instrument(s) of transfer shall be attached to the notification.

3. Application 07-04-029 is closed.

This order is effective today.

Dated _____, at San Francisco, California.