



STATE OF DELAWARE

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## **MEMORANDUM**

**TO:** The Chairman and Members of the Commission

**FROM:** Joshua Bowman, Public Utility Analyst

**DATE:** September 30, 2016

**SUBJECT:** IN THE MATTER OF THE JOINT APPLICATION OF CALLCATCHERS, INC. D/B/A FREEDOMVOICE SYSTEMS AND GODADDY OPERATING COMPANY, LLC FOR APPROVAL OF TRANSFER OF CONTROL OF CALLCATCHERS, INC. D/B/A FREEDOMVOICE SYSTEMS PURSUANT TO 26 DEL. C. §215.  
(FILED SEPTEMBER 14, 2016) – PSC DOCKET NO. 16-0928

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### **Application**

On September 14, 2016, CallCatchers, Inc. d/b/a FreedomVoice Systems (“FreedomVoice” or “Transferor”) and GoDaddy Operating Company, LLC (“GoDaddy Operating” or “Transferee”) (collectively, the “Applicants”), filed an application with the Delaware Public Service Commission (“PSC” or “Commission”) pursuant to 26 Del. C. § 215, seeking approval to transfer control of FreedomVoice to GoDaddy Operating, as well as a subsequent *pro forma* transaction in which FreedomVoice’s authorization to provide telecommunications services will be assigned to GoDaddy.com, LLC (“GD LLC”), an affiliate of GoDaddy Operating.

### **Applicants**

#### **CallCatchers Inc. d/b/a FreedomVoice Systems**

FreedomVoice is a Delaware corporation that was founded in 1996 and is headquartered in Encinitas, California. FreedomVoice is an industry leading provider of cloud based communications systems for small to mid-sized businesses nationwide. Its solutions include toll free numbers, vanity numbers, local number virtual phone systems, as well as interconnected Voice over Internet Protocol (“VoIP”), resold interexchange services, and cloud-based conference bridging.

FreedomVoice is authorized to provide resold intrastate long distance telecommunications services in the State of Delaware by way of Order No. 8936 in PSC Docket No. 16-0745. FreedomVoice is authorized to provide interexchange long distance telecommunications services in thirty (30) states and is authorized to provide interconnected VoIP services in ten (10) states along with Puerto Rico.

### GoDaddy Entities

GoDaddy Inc. (“GoDaddy”), through its affiliates including GoDaddy Operating and GD LLC, is an Internet domain registrar and web hosting company. GoDaddy is the world’s largest technology provider dedicated to small businesses and powers the world’s largest cloud platform dedicated to small, independent ventures. GoDaddy has more than 14 million customers worldwide and manages more than 63 million domain names.

GD LLC filed an application with the Commission on August 22, 2016, seeking approval to provide resold intrastate long distance telecommunications services in the State of Delaware, PSC Docket No. 16-0881.

### Transaction

Pursuant to an Agreement and Plan of Merger (“Agreement”) executed by and between GoDaddy Operating, its indirect, wholly-owned subsidiary San Fernando Merger Sub Inc. (“Merger Sub”), FreedomVoice, and certain FreedomVoice shareholders on May 17, 2016, Merger Sub will be merged with and into FreedomVoice with FreedomVoice being the sole surviving entity. All equity securities of FreedomVoice will be canceled and its shareholders will be entitled to receive consideration for those securities. Thus, FreedomVoice will become an indirect, wholly-owned subsidiary of GoDaddy Operating.

The Applicants also anticipate that after closing the vast majority of FreedomVoice's operations and assets, that customer accounts and contracts may be assigned from FreedomVoice to GD LLC through a *pro forma* intracompany transfer. GD LLC is a direct, wholly-owned subsidiary of GoDaddy Operating. The Applicants will notify the Commission when each step of the transaction, the transfer of control of FreedomVoice and then the *pro forma* intracompany assignment of FreedomVoice's authorization to GD LLC, is complete.

### Public Interest

The Proposed Transaction promotes competition among telecommunications carriers by providing FreedomVoice with the opportunity to strengthen its competitive position through the additional experience, perspectives, and resources of GoDaddy Operating in order to accelerate the growth of the business. Applicants anticipate that the Proposed Transaction will enable them to deliver greater value and variety of services to their customers.

GoDaddy Operating plans to retain most of FreedomVoice's current management responsible for the day-to-day operations of the business. The Proposed Transaction will be virtually transparent to customers and will not result in the discontinuance, reduction, loss, or

impairment of service to customers. The Proposed Transaction will enable the Applicants to make available a greater variety of high quality and innovative services to their customers. The Applicants also anticipate that service for any customer accounts that are transferred on a *pro forma* basis to GD LLC will continue to be provided under the brand name FreedomVoice, and that the terms and conditions of their service will not change.

### **Staff Recommendation**

Applications seeking approval of transfer of control by large multi-state competitive intrastate telecommunications providers technically come under the provisions of 26 *Del. C.* §215 because the companies are deemed to be public utilities. The Applicants have represented that the proposed Transaction is in accordance with the law, for a proper purpose, and consistent with the public interest. The Commission has previously allowed such applications to become effective by statutory approval without Commission action. The result seems appropriate under the circumstances. Staff, therefore, recommends that the Commission not act on this application. Under 26 *Del. C.* §215(d), the effect will be that the application is deemed to be approved by the Commission. Staff will also acquire verification from the Applicants that the proposed Transaction has been completed.