

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
INTER-TEL NETSOLUTIONS, INC.)
AND MITEL NETWORKS CORPORATION)
For Approval To Transfer)
Control)
_____)

DOCKET NO. 2007-0150

DECISION AND ORDER NO. 23528

Filed June 29, 2007
At 2 o'clock P.M.

Karen Higashi
Chief Clerk of the Commission

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DIV. OF CONSUMER ADVOCACY
DEPT. OF COMMERCE AND
CONSUMER AFFAIRS
STATE OF HAWAII

ATTEST: A True Copy
KAREN HIGASHI
Chief Clerk, Public Utilities
Commission, State of Hawaii.

Karen Higashi

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Docket No. 2007-0150
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DECISION AND ORDER

By this Decision and Order, the commission waives the requirements of Hawaii Revised Statutes ("HRS") §§ 269-7(a) and 269-19 and Hawaii Administrative Rules ("HAR") §§ 6-61-101 and 6-61-105, to the extent applicable, with respect to INTER-TEL NETSOLUTIONS, INC.'s ("ITNS") and MITEL NETWORKS CORPORATION ("Mitel") (collectively, "Applicants") request to approve the indirect transfer of control of ITNS to Mitel ("Proposed Transaction").

I.

Background

A.

Description of Subject Entities

ITNS is a Texas corporation whose principal offices are located in Phoenix, Arizona.¹ It holds a Certificate of Authority ("COA") to provide intrastate interexchange telecommunications

¹See Application at 2.

services in the State of Hawaii.² ITNS is a wholly owned subsidiary of Inter-Tel Incorporated ("Inter-Tel"), a Delaware corporation.³

Mitel Networks Corporation is a Canadian corporation.⁴ It is a leading provider of integrated communications solutions and services for business customers.⁵

Arsenal Acquisition Corporation is a Delaware corporation and a wholly owned subsidiary of Mitel.⁶ It was organized solely for the purpose of facilitating the merger of Mitel and Inter-Tel.

B.

Application

On June 4, 2007, Applicants filed an application seeking commission approval of the indirect transfer of control of ITNS to Mitel. By Agreement and Plan of Merger dated April 26, 2007 ("Agreement"), Mitel will acquire 100% of the stock and control of ITNS's parent corporation, Inter-Tel.⁷ Pursuant to the terms of the Agreement, Arsenal will merge with

²See Decision and Order No. 20348, filed on July 22, 2003, in Docket No. 02-0341.

³See Application at 2.

⁴See Application at 3.

⁵Id.

⁶See Application at 4.

⁷Applicant served copies of the Application on the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate"), an ex officio party to this proceeding.

Inter-Tel, Arsenal will cease to exist and Inter-Tel will be the surviving corporation.⁸ Mitel will then own 100% of the issued and outstanding capital stock of Inter-Tel.⁹ Inter-Tel will remain as the 100% shareholder of ITNS.

According to Applicants, ITNS will achieve greater operating flexibility by the expansion of its telecommunications infrastructure, improvement of customer services, billing, financial reporting and management systems.¹⁰ It will also gain increased opportunities for future acquisitions, investments or strategic alliances.¹¹

In addition, Applicants state that there will be no impact on customers since the transaction will be transparent to them; there will be no change in name and the company will continue to provide its current services.¹² The only change to ITNS will be its ultimate ownership and control.¹³

Applicants state:

Upon consummation of the transactions contemplated by the Agreement, ITNS will continue to operate under the same name and operating authority as at present. The proposed transfer of control of ITNS involves no disruption, impairment, or other changes in the entity providing service to customers, the facilities used to provide such services,

⁸See Application at 5.

⁹Id.

¹⁰See Application at 5.

¹¹Id.

¹²See Application at 6.

¹³Id. at 7.

or the rates, terms and conditions of such service. All existing tariffs will remain in place.¹⁴

Applicants request approval of the Proposed Transaction by June 30, 2007.¹⁵

C.

Consumer Advocate's Statement of Position

On June 28, 2007, the Consumer Advocate filed its statement of position in which it states that it does not object to the commission waiving the requirements of HRS § 269-19, pursuant to HRS § 269-16.9. In the alternative, the Consumer Advocate states that it does not object to approval of the Proposed Transaction.

II.

Discussion

HRS § 269-16.9 allows the commission to waive regulatory requirements applicable to telecommunications providers if it determines that competition will serve the same purpose as public interest regulation. Specifically, HAR § 6-80-135 permits the commission to waive the applicability of any of the provisions of HRS ch. 269 or any rule, upon a determination that a waiver is in the public interest.

¹⁴Application at 7.

¹⁵See Application at 8.

In this docket, we find, at this time, that ITNS is a non-dominant carrier in the State. We also find that the Proposed Transaction is consistent with the public interest, and that competition, in this instance, will serve the same purpose as public interest regulation. Thus, the commission concludes that the requirements of HRS § 269-7(a) and 269-19, should be waived, to the extent applicable, with regard to the matters in this docket, pursuant to HRS § 269-16.9 and HAR § 6-80-135.¹⁶ Similarly, based on these findings and conclusions stated above, we will also waive the provisions of HAR §§ 6-61-101 and 6-61-105, to the extent that the Application fails to meet any of these filing requirements.

III.

Orders

THE COMMISSION ORDERS:

1. The requirements of HRS §§ 269-7(a) and 269-19, to the extent applicable, are waived with respect to the Proposed Transaction, described in the Application filed on June 4, 2007.

2. The filing requirements of HAR §§ 6-61-101 and 6-61-105, to the extent applicable, are also waived.

¹⁶The commission will continue to examine each application or petition and make determinations on a case-by-case basis as to whether the applicable requirements of HRS §§ 269-7(a), 269-17 or 269-19 should be waived. Thus, our waiver in this instance should not be construed by any public utility, including ITNS, as a basis for not filing an application or petition regarding similar transactions that fall within the purview of these statutes.

DONE at Honolulu, Hawaii

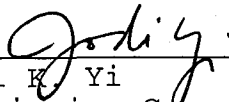
JUN 29 2007

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Carlito P. Caliboso, Chairman

By 
John E. Cole, Commissioner

APPROVED AS TO FORM:


Jodi K. Yi
Commission Counsel

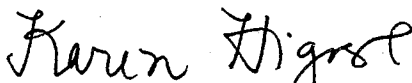
2007-0150.sl

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 23528 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
DIVISION OF CONSUMER ADVOCACY
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Karen Higashi

DATED: JUN 29 2007