



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**www.bpu.state.nj.us**

TELECOMMUNICATIONS

IN THE MATTER OF THE JOINT PETITION )  
OF TELCOVE OPERATIONS, LLC AND )  
TELCOVE INVESTMENT, LLC FOR GRANT )  
OF THE AUTHORITY TO COMPLETE AN )  
INTERNAL REORGANIZATION AND )  
ASSIGNMENT OF ASSETS AND )  
CUSTOMERS )

ORDER OF APPROVAL

DOCKET NO. TM06120889

(SERVICE LIST ATTACHED)

BY THE BOARD:

On December 28, 2006, TelCove Operations, LLC (TelCove-Operations) and TelCove Investment, LLC (TelCove-Investment) (together "Petitioners"), pursuant to N.J.S.A. 48:2-51.1 and N.J.S.A. 48:3-10 filed a joint petition with the Board of Public Utilities (Board) requesting the approval of a proposed internal reorganization. All of TelCove-Investment's New Jersey operations, including TelCove-Investment's assets, authorization and customers in New Jersey will be transferred to TelCove-Operations, after completion of the reorganization, TelCove-Operations will become the TelCove entity authorized to provide service in New Jersey. Upon consummation of the proposed reorganization, TelCove-Operations customers will continue to receive services under the same terms, rates and conditions they currently receive in the State.

BACKGROUND

TelCove-Operations is a Delaware limited liability company, with its principal offices located in Canonsburg, Pennsylvania. TelCove Operations is ultimately and indirectly owned by Level 3 Communications, pursuant to a Board Order issued in Docket No. TM06050346.<sup>1</sup> According to the petition, TelCove-Operations holds authority to provide regulated services in seventeen states, not including New Jersey.

TelCove-Investment is a wholly owned, direct subsidiary of TelCove-Operations. TelCove-Investment is a Delaware limited liability company that shares its principal place of business with TelCove-Operations. In New Jersey, TelCove-Investment was authorized to provide local exchange and interexchange telecommunications services pursuant to authority granted by the Board in BPU Docket Nos. TM97110843, TE97050370, TM98101156 and TM00040275.<sup>2</sup> As of October 2006,

1 See in I/M/O the Joint petition of Level 3 Communications, Inc. and TelCove, Inc. for Approval of a Transfer of Control of TelCove Investment, LLC and Related Transactions.

2 TelCove-Investment is authorized by the FCC to provide interstate services as a non-dominant carrier.

TelCove Investments had approximately 227 customers in New Jersey, and has a total of 27 employees.

## DISCUSSION

Petitioners propose to complete a series of transactions whereby most of TelCove's operations, including all of its operations within New Jersey, will be consolidated within a single operating entity, TelCove-Operations. According to the petition, this will be accomplished through a series of intra-corporate transactions through which TelCove-Investment's business in New Jersey, including all its New Jersey assets, authorizations, and customers will be transferred to TelCove-Operations which will become the sole TelCove operating company in New Jersey. Petitioners state that since the proposed transactions are intra-corporate in nature, all customers and operations will continue to be managed and conducted by the same technical, operational and managerial personnel that are currently in place. The proposed transactions will not involve any change in the ultimate ownership or control of the TelCove entities.

Petitioners submit and request a determination that the provisions of N.J.A.C. 14:10-12.1 et seq. (Mass migration rules) do not apply to this proposed internal reorganization because the TelCove entities do not propose to depart from the state and have not sought approval to discontinue customers. Petitioners do not propose to complete any physical "migration" of customers as envisioned by the Board's regulations. Rather, customers will continue to receive the same service over the same facilities and will not be switched or migrated as a result of this pro forma reorganization. Adherence to the full requirements of the mass migration rules would cause substantial confusion, would lead some customers to believe that their services are being interrupted, and would be contrary to the public interest. Thus, the proposed reorganization will not entail a customer "migration" and the regulatory safeguards the Board envisioned by the regulatory framework contained in N.J.A.C. 14:10-12.1.

According to the petition, the proposed transaction will serve the public interest in that it will be seamless with respect to the services TelCove-Investment's New Jersey customers receive, while enabling the TelCove operating entities to streamline their respective operations. TelCove-Investment's New Jersey customers will continue to receive service under the TelCove operating name while the existing management team will remain in place with no proposed changes in employment in New Jersey.

## FINDINGS AND CONCLUSIONS

After a thorough review of the petition and all related documents, the Board concludes that there will be neither a negative impact on service quality to New Jersey customers or the rates they pay nor a negative impact on competition. The Board also concludes that the provisions of N.J.A.C. 14:10-12.1 et seq. (Mass Migration Rules) do not apply to this proposed internal reorganization. Moreover, the proposed transactions will allow the TelCove entities to streamline and rationalize their operations in a manner which will provide organizational and intracorporate operational benefits.

Accordingly, after careful review of this matter, the Board **FINDS** that the transaction will have no negative impact on competition, employees, or the rates of current customers. The Board also **FINDS** that the pro forma internal reorganization will have no negative impact on the provision of safe, adequate and proper service, and will positively benefit competition. Furthermore, the Board **FINDS** that the transfer will likely have a net positive benefit to the customers in the state. Therefore, the Board, after investigation, having considered the record and exhibits submitted in this proceeding, **FINDS** that the internal reorganization is in accordance with the law and in the public interest. The Board **HEREBY APPROVES** the request by Petitioners for this transaction. Finally,

the Board **FURTHER ORDERS** that the approval in this Order shall become null and void and of no effect to the extent it has not been exercised prior to August 30, 2007. The Board **HEREBY ORDERS** that Petitioners shall notify the Board of the closing of the proposed transaction within ten (10) days of consummation of the transfer.

This Order is subject to the following provisions:

The company will file revised tariffs to reflect the new company name within 30 days after the completion of the transaction.

2. Be in compliance with the Boards regulations including regulatory filings and paying the related annual assessment.

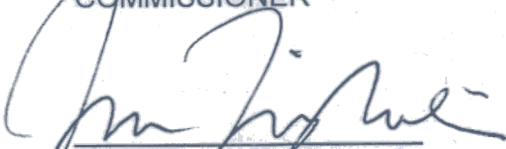
DATED: 3/5/07

BOARD OF PUBLIC UTILITIES  
BY:

  
JEANNE M. FOX  
PRESIDENT

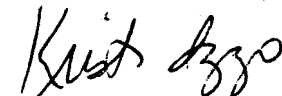
  
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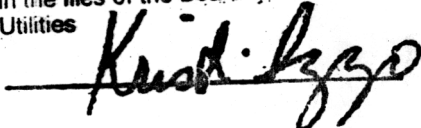
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
CHRISTINE V. BATOR  
COMMISSIONER

ATTEST:

  
KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



**TELCOVE OPERATIONS/TELCOVE INVESTMENT**

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