Agenda Date: 12/17/09
Agenda Item: IVA

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu

		TELECOMMUNICATIONS
IN THE MATTER OF THE PETITION OF TCG NEW JERSEY, INC AND TCG JOINT VENTURE HOLDINGS, INC. FOR APPROVAL OF CORPORATE RESTRUCTURING	))))	ORDER OF APPROVAL DOCKET NO. TM09100854

(SERVICE LIST ATTACHED)

William K. Mosca, Jr. of Bevan, Mosca, Giuditta & Zarillo, P.C. for Petitioner

BY THE BOARD:

On October 15, 2009, TCG New Jersey, Inc. and TCG Joint Venture Holdings, Inc. ("Petitioners"), by their counsel, filed a petition with the Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:3-7, and any other laws and regulations deemed applicable requesting approval of the restructuring of the internal corporate structure of the above entities, in which TCG New Jersey, Inc.'s ownership will be transferred to its affiliate, TCG Joint Venture Holdings, Inc., and TCG New Jersey, Inc. will merge with TCG New Jersey, an affiliate. There will be no change in the rates, terms and conditions of the services available to customers as a result of this restructuring.

BACKGROUND

TCG New Jersey, Inc. is a wholly owned subsidiary of Teleport Communications Group Inc. Teleport Communications Group Inc. is a wholly owned subsidiary of AT&T Corp., which in turn is a wholly owned subsidiary of AT&T Inc. TCG New Jersey Inc. was granted authorization to provide local exchange services as part of an internal corporate restructuring that was approved by Order of the Board on March 4, 2008. See Order, I/M/O the Petition of TCG New Jersey, Inc. and TCG Delaware Valley, Inc. for Approval of Internal Merger and Transfer of Control of License as Part of Internal Corporate Restructuring, Docket No. TE08010054. TCG New Jersey, Inc. is also authorized to provide telecommunications services in Delaware, Massachusetts, New Hampshire and Pennsylvania. TCG Joint Venture Holdings, Inc. is a wholly owned subsidiary of Teleport Communications Group Inc. TCG New Jersey is a New York general partnership, and is majority owned by TCG Partners and minority owned by TCG Joint Venture Holdings, Inc. TCG Joint Venture Holdings, Inc. is a wholly owned subsidiary of Teleport Communications Group Inc.

DISCUSSION

According to the petition, Petitioners propose to enter into a corporate restructuring and merger transaction accomplished through a series of stock contributions. Initially Teleport Communications Group Inc. contributes 80.2% of its TCG New Jersey, Inc. stock to TCG Joint Venture Holdings, Inc. thereby the direct ownership of TCG New Jersey, Inc. will be transferred from Teleport Communications Group Inc. to TCG Joint Venture Holdings, Inc. TCG Joint Venture Holdings, Inc. will then contribute 79.2% of its 80.2% interest in TCG New Jersey, Inc. stock to TCG Partners, which is another wholly owned subsidiary of Teleport Communications Group Inc. Teleport Communications Group Inc. will then contribute its remaining TCG New Jersey, Inc. stock to TCG Partners. TCG New Jersey will then be merged into TCG New Jersey, Inc. The end result is that TCG New Jersey, Inc. will become an indirectly wholly owned subsidiary as opposed to its current status as a directly, wholly owned subsidiary of Teleport Communications Group Inc. Petitioners state that the proposed change in ownership is an internal corporate restructuring that is being undertaken to simplify the corporate structure of TCG New Jersey, Inc. and its affiliates.

Petitioners assert that the proposed transaction is in the public interest because it will enable Teleport Communications Group Inc. to manage it business operations more efficiently and therefore be able to more effectively compete in the telecommunications market in New Jersey. Furthermore, the series of transactions as described above will be transparent to customers. TCG New Jersey, Inc.'s customers will continue to receive their existing services over the same facilities and at the same rates, terms and conditions that they received prior to the transfer. The Petition states that there will be no change in the provider's service, billing, personnel or contact information. Bills and all communications sent to customers after this transaction has concluded will look exactly the same as the bills and communications sent prior to the transaction. Petitioners also indicate that there will be no loss or change of employment associated with this transaction.

The Department of the Public Advocate, Division of the Rate Counsel ("Rate Counsel"), in a letter dated November 20, 2009 recommended that the Board approve the Petition.

FINDINGS AND CONCLUSIONS

After careful review of this Petition and all related documents, the Board **FINDS** that the transaction will have no negative impact on competition, the rates of current customers, or on employees. The Board also **FINDS** that the transactions will have no negative impact on the provision of safe, adequate and proper service, and moreover, a positive benefit may be expected from the strengthening of TCG New Jersey, Inc.'s competitive posture in the telecommunications market. Therefore, the Board, after investigation, having considered the record and exhibits submitted in this proceeding, **FINDS** that the transfer is in accordance with the law and in the public interest.

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. The Board **FURTHER ORDERS** that this approval will expire if the transaction is not fully consummated on or before December 30, 2010.

DATED: 12/17/09

BOARD OF PUBLIC UTILITIES
BY:

Jeanne M. Fox
JEANNE M. FOX
PRESIDENT

FREDERICK F. BUTLER
COMMISSIONER

JOSEPH L. FIORDALISO
COMMISSIONER

NICHOLAS ASSELTA
COMMISSIONER

ELIZABETH RANDALL
COMMISSIONER

ATTEST:

Kristi Izzo
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

Kristi Izzo

<u>Service List</u>

Docket No. TM09100854

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