



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)
DELAWARE VALLEY, INC. FOR)
APPROVAL OF INTERNAL MERGER AND)
TRANSFER OF CONTROL OF LICENSE)
AS PART OF INTERNAL CORPORATE)
RESTRUCTURING)

ORDER OF APPROVAL

DOCKET NO. TM08010054

(SERVICE LIST ATTACHED)

BY THE BOARD:

On January 11, 2008, TCG New Jersey, Inc. ("TCG-NJ") and TCG Delaware Valley, Inc. ("TCG-DV"), (collectively, "Petitioners"), filed a petition pursuant to N.J.S.A. 48:3-7, seeking the Board's approval for an internal corporate restructuring whereby TCG-DV will be merged into its parent holding company TCG Delaware Valley Holdings, Inc. ("TCG-DVH"). TCG-DVH will then be merged into TCG-NJ and TCG-DV's authority will be transferred to TCG-NJ. 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-NJ and TCG-DV are both Delaware corporations with headquarters in Bedminster, New Jersey. TCG-NJ and TCG-DV are also both wholly-owned subsidiaries of Teleport Communications Group, Inc. (TCG) which, in turn, is a subsidiary of AT&T Corp. AT&T Corp. is a wholly-owned subsidiary of AT&T Inc. TCG-DV (formerly Eastern TeleLogic Corporation, Inc.) provides local exchange and intrastate telecommunications services in Delaware and Pennsylvania and is authorized by the Board to provide local exchange services in New Jersey. See, Order I/M/O the Petition of Eastern Telelogic Corporation, Inc. to Provide Local Exchange Telecommunications Service in the Delaware Valley and Atlantic Coastal Local Access and Transport Areas, Docket No. TE96050392, dated June 19, 1996. TCG-DV currently has 45 customers in New Jersey. TCG-NJ is not currently authorized to provide telecommunications services in any state; however, it is authorized to do business in the State of New Jersey as a foreign corporation.

DISCUSSION

According to the petition, the Petitioners propose to enter into a merger and corporate restructuring transaction whereby TCG-DV will be merged into its parent holding company, TCG-DVH, and TCG-DVH will then be merged into TCG-NJ. As a result of the merger and restructuring transaction, TCG-DV's authority to provide local exchange services in New Jersey will be transferred to TCG-NJ, and TCG-DV and TCG-DVH will cease to exist. The corporate restructuring will not change ownership or control of TCG-NJ. Petitioners state that this transaction is entirely internal, and since TCG-NJ will succeed to all TCG-DV's network assets and inherit all TCG-DV's employees and management staff, TCG-NJ will possess the requisite managerial and technical abilities to provide local interexchange telecommunications in New Jersey. Petitioners have represented that all New Jersey employees will continue to be employed.

The petition states that there will be no changes in the rates and terms and conditions of the service available to TCG-DV's New Jersey customers, and that they will continue to be served by the same telecommunications personnel as prior to the restructuring. Bills and all other communications received by customers after the transaction will look exactly the same as bills and communications issued prior to the transaction as all such communications will continue to be in the name of AT&T. Accordingly, Petitioners note that since no aspect of service is changing for any customer, to avoid confusion they will not be notifying customers of the restructuring. The transaction will be seamless and transparent to consumers in New Jersey.

According to the petition, approval of the restructuring will serve the public interest by allowing TCG to manage its business operations more efficiently and more effectively compete in the telecommunications market in New Jersey. The proposed merger is internal and is being undertaken for the purpose of simplifying TCG's corporate structure. That should yield operational and administrative efficiencies as well as corporate tax benefits for the TCG companies.

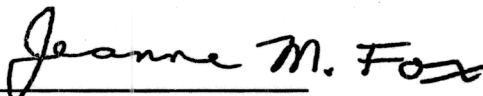
FINDINGS AND CONCLUSIONS

After a thorough review of the petition and exhibits, the Board concludes that there will be no negative impact on rates or service quality since TCG-NJ's customers will continue to receive the same services from the same personnel at the same rates and under the same terms and conditions as prior to the restructuring. Moreover, a positive benefit may be expected as Petitioners expect the transaction to yield operational and administrative efficiencies as well as corporate tax benefits.

Accordingly, after careful review of this matter, the Board FINDS that the internal corporate restructuring will have no negative impact on the rates of current customers. The Board also FINDS that the transfer will have no negative impact on employees or on the provision of safe, adequate and proper service, and is expected to yield operational and administrative efficiencies, as well as corporate tax benefits. Therefore, after investigation, having considered the record and exhibits submitted in this proceeding, the Board FINDS that the proposed restructuring is in accordance with the law and is in the public interest. The Board HEREBY ORDERS that the Petitioners shall notify the Board of the closing of the proposed transactions within 7 days of the consummation of the transfer.


DATED: 3/4/08

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER

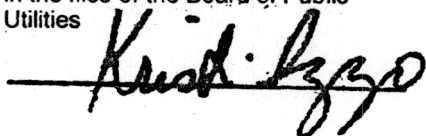

JOSEPH L. FIORDALISO
COMMISSIONER


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



Service List

Docket No. TM08010054

William K. Mosca, Jr.
Bevan, Mosca, Giuditta & Zarillo, P.C.
776 Mountain Blvd., Suite 202
Watchung, NJ 07069
wmoca@bmgzlaw.com

Monica Otte
Bevan, Mosca, Giuditta & Zarillo, P.C.
1629 K Street, NW
Suite 300 Washington, DC 20006
lotte@bmgzlaw.com

Mark A. Keffer, Esq.
Phillip S. Shapiro, Esq.
AT&T Communications
3033 Chain Bridge Road
Oakton, VA 22185
mkeffer@att.com
psshapiro@att.com

Stephanie A. Brand
Director, Division of Rate Counsel
Department of the Public Advocate
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101
njratepayer@advocate.state.nj.us

James F. Murphy
Rocco Della Serra
Board of Public Utilities
Division of Telecommunications
Two Gateway Center
Newark, NJ 07102
james.murphy@bpu.state.nj.us
rocco.della-serra@bpu.state.nj.us

Elise Goldblat, Esq.
Babette Tenzer, Esq.
Department of Law & Public Safety
Division of Law
124 Halsey Street – 5th Floor
P.O. Box 45029
Newark, New Jersey 07102
elise.goldblat@dol.lps.state.nj.us
babette.tenzer@dol.lps.state.nj.us