



Agenda Date: 10/20/17  
Agenda Item: IVA

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED JOINT PETITION )  
OF CROWN CASTLE INTERNATIONAL CORP., )  
TRANSFeree, LTS GROUP HOLDINGS LLC, )  
TRANSFEROR, AND FIBER TECHNOLOGIES )  
NETWORKS, L.L.C., LIGHTOWER FIBER NETWORKS )  
I, LLC AND LIGHTOWER FIBER NETWORKS II, LLC, )  
LICENSEES FOR APPROVAL TO TRANSFER )  
INDIRECT CONTROL OF LICENSEES TO CROWN )  
CASTLE INTERNATIONAL CORP. )

ORDER

DOCKET NO. TM17080830

**Parties of Record:**

**Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel**  
**James H. Laskey, Esq., Norris, McLaughlin & Marcus, P.A., on behalf of Petitioners**

**BY THE BOARD:<sup>1</sup>**

On August 1, 2017, Crown Castle International Corp. (“CCIC” or “Transferee”), LTS Group Holdings LLC (“Transferor”), Fiber Technologies Networks L.L.C. (“Fibertech”), Lighttower Fiber Networks I, LLC (“LFN”), and Lighttower Fiber Networks II, LLC (“LFN II” and together with Fibertech and LFN I, the “Licensees”)(collectively, the “Petitioners”) pursuant to N.J.S.A. 48:2-51.1 and N.J.S.A. 48:3-10, filed a verified petition with the Board of Public Utilities (“Board”) requesting approval of a transfer of indirect control of Licensees to Transferee. Following the closing of the transaction, Licensees will continue to offer the same services in New Jersey at the same rates, terms, and conditions.

**BACKGROUND**

CCIC is a publicly traded Delaware corporation. Since January 1, 2014, CCIC has operated as a real estate investment trust. CCIC, through certain of its indirect subsidiaries (collectively referred to as “Crown Castle”), owns, operates, leases, or manages approximately 40,000 towers and rooftop sites for wireless communications equipment with a significant presence in the top 100 U.S. markets.

<sup>1</sup> Commissioner Dianne Solomon did not participate.

Crown Castle Operating Company ("CCOC"), a subsidiary of CCIC, is the direct owner of Crown Castle Solutions LLC ("Solutions"). Subsidiaries of CCOC provide transport, backhaul, and distributed antenna system ("DAS")/small cell services as well as dedicated point-to-point telecommunications services and deploy small cell nodes supported by approximately 29,000 route miles of fiber in the United States. Wholly owned subsidiaries of CCOC hold authorizations to provide intrastate telecommunications services in the District of Columbia and every state except Alaska, Maine, Montana, Vermont, and Wyoming. In New Jersey, two CCOC subsidiaries are authorized to provide intrastate telecommunications services: Crown Castle NG East LLC ("CCNG-East", f/k/a NextG Networks of NY, Inc. d/b/a NextG Networks East)<sup>2</sup> and Sunesys, LLC (collectively, the "NJ operating companies").<sup>3</sup> The petition states that the NJ operating companies do not have any employees of their own. However, Crown Castle has approximately 54 employees located in New Jersey, approximately 22 of which perform services for the NJ operating companies.

LTS and LFN I are Delaware limited liability companies and Fibertech and LFN II are New York limited liability companies (collectively referred to as "Lighttower"), all with corporate headquarters in Boxborough, Massachusetts. Lighttower operates as a competitive provider of fiber network services that serve enterprise, government, carrier and data center customers. The Lighttower network consists of approximately 30,000 route miles, providing access to over 20,000 service locations in the Northeast, Mid-Atlantic and Midwest. Fibertech,<sup>4</sup> LFN I<sup>5</sup> and LFN II<sup>6</sup> have been previously authorized by the Board to provide services in New Jersey. The petition states that Fibertech, LFN I and LFN II do not have any employees, but Lighttower has approximately 66 employees located in New Jersey that perform services for those entities.

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<sup>2</sup> See I/M/O the Verified Petition of NextG Networks of NY, Inc. d/b/a NextG Networks East for Authority to Provide Local Exchange and Interexchange Telecommunications Services throughout the State of New Jersey, Docket No. TE04111434 (February 1, 2005).

<sup>3</sup> See I/M/O the Petition for an Order Authorizing Sunesys, Inc., to Provide Local Exchange and Inter-Exchange Telecommunications Services throughout New Jersey, Docket No. TE00040261 (May 9, 2001).

<sup>4</sup> See I/M/O the Petition of Fiber Technologies Networks, L.L.C. for Approval to Provide Local Exchange and Inter-Exchange Telecommunications Services within the State of New Jersey, Docket No. TE05080683 (September 14, 2005).

<sup>5</sup> LFN I holds authority to provide facilities-based local and long distance services. See I/M/O the Petition of Keyspan Communications Corporation for Authority to Provide Local Exchange and Interexchange Telecommunications Services in the State of New Jersey, Docket No. TE04020089 (September 14, 2004). Authority was originally granted to KeySpan Communications Corp., which merged with and into Light Tower Fiber Long Island, LLC ("LTF-LI"), with LTF-LI as the surviving entity. See BPU Docket No. TM08040212. LTF-LI subsequently changed its name to Lighttower Fiber Networks I, LLC. See BPU Docket No. TT14111292.

<sup>6</sup> See I/M/O the Petition for an Order Authorizing Consolidated Edison Communications, Inc. to Provide Local Exchange and Interexchange Telecommunications Services Throughout New Jersey, Docket No. TE00100802 (November 5, 2001). Authority was originally granted to Con Edison Communications, LLC, which changed its name to RCN New York Communications, LLC, which subsequently changed its name to Sidera Networks, LLC and more recently to Lighttower Fiber Networks II, LLC. See BPU Docket No. TT15020144.

## **DISCUSSION**

Pursuant to an Agreement and Plan of Merger dated July 18, 2017, the parties will complete a series of mergers, including the merger of LTS Group Holdings Merger Sub, Inc., a newly formed Delaware corporation and a direct, wholly owned subsidiary of CCOC, with and into LTS, the surviving entity. As a result, LTS will become a direct, wholly owned subsidiary of CCOC and Licensees will become indirect, wholly owned subsidiaries of CCOC, with all entities ultimately wholly owned by CCIC.

Petitioners state that immediately following the transaction, Licensees will continue to provide service at the same rates, terms, and conditions, as governed by any existing contracts. Petitioners note that the transaction will be transparent to customers because the only change immediately following the closing is the new indirect ownership of Licensees by CCIC.

Petitioners state that the transaction will produce positive net benefits for Licensees' customers and the public. The financial, technical, and managerial resources that CCIC will bring to Licensees are expected to enhance the ability of Licensees to better compete in the telecommunications marketplace. Further, the existing network of Licensees will enhance the ability of CCIC's other indirect subsidiaries, including the NJ operating companies, to serve their customers. Petitioners aver that the combined company will be able to offer a wider range of services to their respective customers than Crown Castle and Lightower currently do as unaffiliated companies.

Petitioners state that there are no current plans with regards to New Jersey employees as of yet, but the Petitioners do not expect a reduction in the number of employees in New Jersey. Lightower does not have an employee pension plan. The existing rights of employees in any other retirement benefit plan offered by Lightower will be retained upon completion of the transaction. At closing, Lightower employees will rollover pre-closing, pre-tax contributions to their Lightower 401(k) plan into Crown Castle's 401 (k) plan. Lightower employees will be able to rollover the remaining portion of their 401(k) account balances into an individual retirement rollover account

The New Jersey Division of Rate Counsel ("Rate Counsel") submitted comments by letter dated September 27, 2017, stating it does not oppose approval of the proposed acquisition provided conditions are imposed to ensure continued service quality in connection with potential future employment attrition in New Jersey. Specifically, as a condition of approval, Rate Counsel urges that the Board require Petitioners to notify the Board and Rate Counsel, providing an appropriate explanation in writing within a minimum of thirty days prior to effectuating a reduction in New Jersey jobs that is greater than fifteen percent (15%), throughout a three (3) year period following approval.

By letter dated September 29, 2017, Petitioners responded to the comments of Rate Counsel. Petitioners note that Rate Counsel's proposal is not consistent with what the Board has ordered in similar dockets where the Board has required companies to report after the fact, for three years following closing, headcount reductions in New Jersey greater than 15%. Petitioners state they will abide by the decision of the Board.

## **FINDINGS AND CONCLUSIONS**

In considering a transfer of control request, the Board shall evaluate the impact of acquisition on competition, on the rates of ratepayers affected by the acquisition of control, on the employees of the affected public utility or utilities, and on the provision of safe and adequate utility service at just and reasonable rates. N.J.S.A. 48:2-51.1(a). The Board must be satisfied that positive benefits will flow to customers and the State of New Jersey and, at a minimum, that there are no adverse impacts on any of the criteria delineated in N.J.S.A. 48:2-51.1. N.J.A.C. 14:1-5.14(c). Also, pursuant to N.J.S.A. 48:3-7 and N.J.S.A. 48:3-10, the Board must determine whether the public utility, or a wholly-owned subsidiary thereof, may be unable to fulfill its pension obligations to any of its employees.

After a careful review of this matter, the Board is satisfied that positive benefits will flow to customers based upon the record, and that the combined enterprise would not be able to exercise market power to raise prices above competitive levels or exclude competitors from the marketplace. The Board therefore **FINDS** that the proposed transaction will have little impact on competition. The Board additionally **FINDS** that there will be no negative impact on rates or the present provision of safe, adequate and proper service since Petitioners' New Jersey customers will continue to receive the same services at the same rates and under the same terms and conditions. The provision of service quality on competitive offerings is in the public interest. The Board shares the concern of Rate Counsel to avoid the potential for diminished service, service quality and customer service capability based on post-transaction employment attrition. The Board notes that together Crown Castle has approximately 54 employees in New Jersey and Lighttower has approximately 66. Petitioners note that there are no immediate plans with respect to these employees. The Board concurs with Rate Counsel that there is a need for the Board to be notified when there is a reduction in staff, consistent with the Board's findings in similar merger reviews, and the Board **FINDS** that the provisions adopted therein are appropriate and should be maintained. The Board, therefore, requires Petitioners to notify the Board, providing an explanation if there is a net loss of New Jersey employees of Petitioners that is greater than fifteen percent (15%) for three (3) years post-issuance of this order. As Petitioners have assured that existing employee retirement plans will be retained, the Board is persuaded, consistent with N.J.S.A. 48:3-7 and N.J.S.A. 48:3-10, that Petitioners are not unable to fulfill pension obligations.

Accordingly, the Board **FINDS** that the proposed transaction is consistent with applicable law and is not contrary to the public interest. Therefore, after investigation, having considered the record and exhibits submitted in this proceeding, the Board **HEREBY AUTHORIZES** Petitioners to complete the proposed transaction.

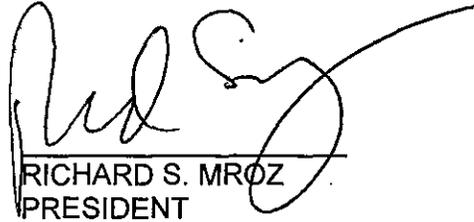
The Order is issued subject to the following provisions:

1. For three (3) years from the issuance of this Order, if there is any net loss of jobs in New Jersey, greater than (15%), Petitioners shall notify the Board of such change and provide an appropriate explanation.
2. The Order is subject to Petitioners notifying the Board Secretary and the Office of Cable Television and Telecommunications, in writing, within five (5) days of the date of the closing of the proposed transaction.

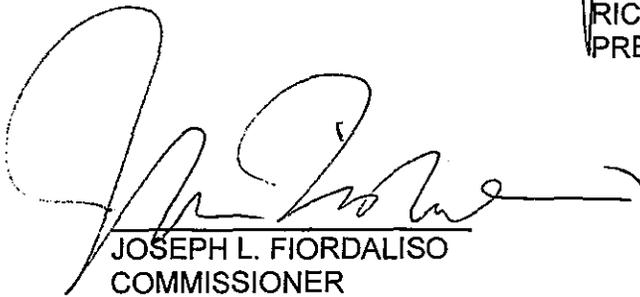
This Order shall be effective October 30, 2017.

DATED: 10/20/17

BOARD OF PUBLIC UTILITIES  
BY:



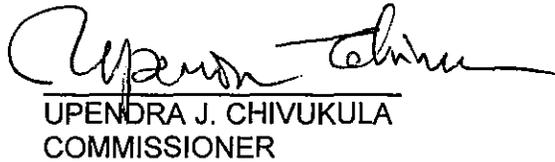
RICHARD S. MROZ  
PRESIDENT



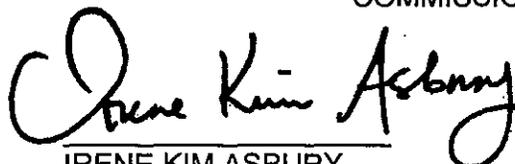
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COMMISSIONER



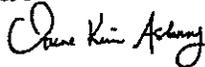
MARY-ANNA HOLDEN  
COMMISSIONER



UPENDRA J. CHIVUKULA  
COMMISSIONER

ATTEST:   
IRENE KIM ASBURY  
SECRETARY

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



IN THE MATTER OF THE VERIFIED JOINT PETITION OF CROWN CASTLE  
INTERNATIONAL CORP., TRANSFEREE, LTS GROUP HOLDINGS LLC, TRANSFEROR,  
AND FIBER TECHNOLOGIES NETWORKS, L.L.C., LIGHTOWER FIBER NETWORKS I, LLC  
AND LIGHTOWER FIBER NETWORKS II, LLC, LICENSEES FOR APPROVAL TO TRANSFER  
INDIRECT CONTROL OF LICENSEES TO CROWN CASTLE INTERNATIONAL CORP.  
DOCKET NO. TM17080830

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