



Agenda Date: 7/24/24
Agenda Item: IVA

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

OFFICE OF CABLE
TELEVISION AND
TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED PETITION OF) ORDER
AT&T CORP. AND AT&T ENTERPRISES, INC. FOR)
APPROVAL OF INTERNAL RESTRUCTURING)
) DOCKET NO. TO24040245

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Joseph Monaghan, Esq., AVP-Senior Legal Counsel, on behalf of AT&T Corp. and AT&T Enterprises, Inc.

BY THE BOARD:

On April 26, 2024, AT&T Corp. and AT&T Enterprises, Inc. (collectively, “AT&T” or “Petitioners”), submitted a Verified Petition to the New Jersey Board of Public Utilities (“Board”) (“Petition”). By the Petition, AT&T sought Board approval *nunc pro tunc*, as of May 1, 2024, for an internal corporate restructuring involving a merger between AT&T Corp. and AT&T Enterprises, Inc., with AT&T Enterprises, Inc. as the surviving entity. Immediately following the merger, AT&T Enterprises, Inc. would be converted into and renamed AT&T Enterprises, LLC.

BACKGROUND

AT&T Corp., a New York corporation, is a certified telecommunications provider in New Jersey pursuant to Order dated on July 20, 2000.¹ AT&T Corp. is a wholly owned subsidiary of AT&T Inc., a publicly traded company. AT&T Enterprises, Inc. is a Delaware corporation, which according to the Petition was recently formed as another wholly owned subsidiary of AT&T, Inc. for the purpose of merging with AT&T Corp. and effectuating the conversion of the surviving entity into a limited liability company. AT&T Enterprises, Inc. is registered with the New Jersey Secretary of State.

By letter dated April 17, 2024, AT&T Inc. notified the Board that it was to undertake an internal corporate reorganization in which a merger will occur between AT&T Corp. and AT&T Enterprises,

¹ In re the Petition of AT&T Communications of New Jersey, Inc. for Approval to Reorganize its Corporate Structure, BPU Docket No. TM00020071, Order dated July 20, 2000.

Inc., with AT&T Enterprises, Inc. as the surviving entity. AT&T Enterprises, Inc. was then to be converted into and renamed AT&T Enterprises, LLC following completion of the merger (“Internal Restructuring”).

Petitioners stated that following the conversion, the New Jersey Secretary of State qualifications of AT&T Enterprises, Inc. would be updated to reflect the conversion to AT&T Enterprises, LLC and the New Jersey Secretary of State qualification of AT&T Corp. would be withdrawn. In the Petition, AT&T stated that the Internal Restructuring would not involve a material change in the operational control, employees, or management of the operations currently performed by AT&T Corp. or involve any change in the rates or services provided to customers of AT&T Corp.

The Petitioners stated that AT&T was undertaking this Internal Restructuring to streamline its corporate structure, which would result in greater operational efficiencies. In the Petition, AT&T averred that the goal of the Internal Restructuring was to convert certain subsidiaries (including AT&T Corp.) from corporations to limited liability companies. The internal merger that is the subject of the Internal Restructuring, and related transactions, are necessary because AT&T Corp. cannot be directly converted to a limited liability company under New York law.

The Petitioners asserted that the Internal Restructuring would serve the public interest by preserving and enhancing AT&T Corp.’s strengths without posing any threat of anticompetitive effects or other public interest harms. Further, the Internal Restructuring would be seamless to customers of AT&T Corp.’s regulated services in New Jersey, which are strictly business customers. AT&T stated that the only change those customers would see is the service provider name on their AT&T bill. Customers’ services, prices, terms, and conditions for those services will not be affected. On or about March 1, 2024, existing customers of AT&T Corp. were notified through a bill page message that, upon completion of the Internal Restructuring, their same telecommunication services will be provided by AT&T Enterprises, LLC.

On June 6, 2024, the New Jersey Division of Rate Counsel (“Rate Counsel”) submitted comments on the Petition. Rate Counsel did not object to Board approval of the Petition, subject to certain conditions. First, Rate Counsel recommended that AT&T be required to provide the Board and Rate Counsel a detailed and factual explanation as to how there will be no impact to New Jersey employees resulting from the restructuring, as well as certification to this at least one (1) month after issuance of a Final Board Order and again every twelve (12) months for three (3) years following. Second, Rate Counsel recommended that, at least one (1) month after Board approval, and again every twelve (12) months for three (3) years thereafter, AT&T should provide certification that its services, including Telecommunication Relay Services (“TRS”) and 9-1-1 will not be impacted as a result of the transaction or any reduced intrastate revenues that support those services.

On June 19, 2024, Petitioners submitted a letter and a Supplemental Certification in response to Rate Counsel’s comments. In its letter, in regards to Rate Counsel’s concerns regarding impact to New Jersey employees, AT&T stated that only one (1) of the entities (AT&T Corp) had operations and employees in New Jersey and that upon completion of the merger, all of those employees became employees of AT&T Enterprises, LLC. Further, prior to the merger, AT&T Enterprises, LLC had no employees or operations in New Jersey or elsewhere and that following the merger all AT&T Corp. operations continued under AT&T Enterprises, LLC with the same employees. In the letter, AT&T also stated that the ultimate result of the Internal Restructuring is that AT&T Corp. is now AT&T Enterprises, LLC. The Supplemental Certification also stated that the Internal Restructuring did not affect the services offered by AT&T Corp. in New Jersey, which continue to be offered by AT&T Enterprises, LLC.

DISCUSSION AND FINDINGS

In considering a request for transfer of control, pursuant to N.J.S.A. 48:2-51.1(a), the Board shall evaluate the impact of an acquisition of control of a public utility 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. The Board must be satisfied that positive benefit 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, as set forth above. 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 benefits obligations to any of its employees.

After investigation, and having considered the record in this proceeding, the Board **FINDS** that the Internal Restructuring is consistent with applicable law and is not contrary to the public interest. The Board also **FINDS** that the Internal Restructuring will have no material adverse impact on the provision of safe, adequate and proper service, and is likely to provide benefits to customers. The Board also **FINDS** that the Internal Restructuring will have no material impact on the Petitioners' employees, or their pensions. The Board further **FINDS** that the Internal Restructuring will have no material adverse impact on competition. Therefore, the Board **HEREBY AUTHORIZES** Petitioners to complete the Internal Restructuring *nunc pro tunc*, as of May 1, 2024.

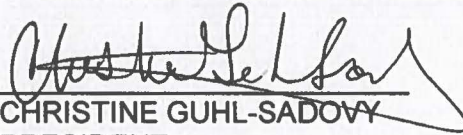
After consideration, the Board declines to impose Rate Counsel's recommended conditions. Petitioners' Supplemental Certification states that all 187 employees of AT&T Corp. in New Jersey became employees of AT&T Enterprises, LLC, which had no prior operations and that the Internal Restructuring did not affect the services offered by AT&T Corp. in New Jersey, which continue to be offered by AT&T Enterprises, LLC. Therefore, the concern about the impact upon New Jersey employees and services is addressed by the record.


The Board also **FINDS** that, in accordance with N.J.S.A. 48:2-59 through -60, following consummation of the Internal Restructuring, AT&T Enterprises, LLC is subject to annual assessment by the Board and is responsible for the payment of any outstanding assessment liabilities to the Board and to Rate Counsel.


This Order shall be effective on July 31, 2024.

DATED: July 24, 2024

BOARD OF PUBLIC UTILITIES
BY:


CHRISTINE GUHL-SADOVY
PRESIDENT


DR. ZENON CHRISTODOULOU
COMMISSIONER


MARIAN ABDOU
COMMISSIONER


MICHAEL BANGE
COMMISSIONER

ATTEST: 
SHERRI L. GOLDEN
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 PETITION OF AT&T CORP. AND AT&T ENTERPRISES,
INC. FOR APPROVAL OF INTERNAL RESTRUCTURING

DOCKET NO. TO24040245

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