



**STATE OF NEW JERSEY**

**Board of Public Utilities**

**Two Gateway Center**

**Newark, NJ 07102**

**[www.bpu.state.nj.us](http://www.bpu.state.nj.us)**

**TELECOMMUNICATIONS**

IN THE MATTER OF THE JOINT PETITION)  
OF FIRST COMMUNICATIONS, INC AND )  
FIRST COMMUNICATIONS LLC FOR )  
APPROVAL OF A TRANSFER OF )  
CONTROL )

**ORDER OF APPROVAL**

DOCKET NO. TM06120839

(SERVICE LIST ATTACHED)

**BY THE BOARD:**

On January 26, 2007, First Communications, Inc (FCI), and First Communications, LLC (First Communications), Inc (together "Petitioners"), pursuant to N.J.S.A. 48:2-51.1, N.J.S.A 48:3-7, N.J.S.A 48:3-9 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 transfer of control whereby FCI will acquire control of First Communications. Petitioners indicate that FCI will become a publicly traded holding company and FCI's shares will be admitted to trading on the Alternative Investment Market of the London Stock Exchange in March, 2007. Following the transfer, First Communications will still retain their existing authorizations and continue to provide service to their existing customers at the same rates, terms and conditions they currently receive in the state.

**BACKGROUND**

FCI is a newly formed company with offices located in Akron, Ohio. FCI has entered into letters of intent to acquire 100 percent of the shares of First Communications and a reseller named Xtension. According to the petition, FCI has been formed to facilitate a transaction, whereby First Communications will become an integrated telecommunications company that will be able to benefit from the combined expertise of each of the companies respective management and operational personnel to achieve additional economies of scope and scale.

First Communications is a privately held Ohio limited liability company located in Akron, Ohio. According to its petition First Communications provides local, private line, long distance, toll-free services, conference calling packages, calling cards, prepaid calling cards, Internet access and dedicated and private line services. First Communications provides telecommunications services to approximately 200,000 customers located in Ohio, Michigan, Indiana, Illinois, North Carolina, Texas, Pennsylvania and Florida. In New Jersey First Communications was authorized to provide local

exchange and interexchange telecommunications services pursuant to an Order issued by the BPU in Docket No. TE04030220 on May 12, 2004. See I/M/O the Petition for an Order Authorizing First Communications, LLC to Provide Local Exchange and Interexchange Telecommunications Services throughout New Jersey, Docket No. TE04030220. In New Jersey, First Communications provides service to approximately 7,716 customers.

Petitioners initially requested by petition dated November 30, 2006 approval of a transfer of control of First Communications and Lightyear Network Solutions (Lightyear). By amended petition received on January 26, 2007, Petitioners notified the Board that FCI will not acquire Lightyear as part of the transaction.

## DISCUSSION

According to the petition dated January 26, 2007, FCI will acquire control of First Communications following the initial public offering of shares of FCI on the Alternative Investment Market of the London Stock Exchange in March 2007. Petitioners state that the proposed transaction will not have any significant impact on the Board's regulatory oversight since the ownership of the FCI holding company will be widely held at the time of the transfer. According to the petition, 72.9 percent of the shares will be publicly offered to new investors and the remaining shares held by existing owners and the founders and management of the companies. Following the consummation of the proposed transaction, First Communications will continue to offer service to existing customers with no change in their rates or terms and conditions of service. The transfer of control will be seamless and virtually transparent to consumers in the state.

Petitioners submit that the transfer of control will serve the public interest because (1) the transaction will bring together successful carrier organizations that have proven themselves in a competitive marketplace and (2) the transaction will help create a stronger competitor by bringing together each organization's respective strengths. Operation as an integrated company will allow each of the operating companies to be more competitive and to deliver even greater value to their customers than they do individually. According to petitioners, the public interest will also be served by approval of the transfer of control that will allow the companies to integrate their management and resources in order to more effectively compete in the market. Currently, First Communications does not have any employees 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, the rates they pay nor a negative impact on competition. Moreover, a positive benefit may be expected from the combined expertise of each of the three companies respective management and operational personnel and to achieve additional economies of scope and scale that will enable them to compete more effectively.

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 transfer 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 transfer is in accordance with the law and in the public interest. The Board **HEREBY APPROVES** the request by Petitioners for this transaction. 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 and be in compliance with the Boards regulations including filing its Annual Reports and paying its annual assessment to the Board. 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.


DATED: 3/5/07

BOARD OF PUBLIC UTILITIES  
BY:

  
JEANNE M. FOX  
PRESIDENT

  
FREDERICK F. BUTLER  
COMMISSIONER

  
CONNIE O. HUGHES  
COMMISSIONER

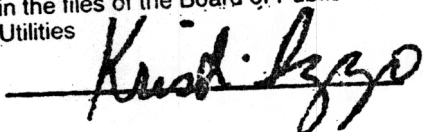
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
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



**Lightyear Network/First Communications**

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Docket No. TM06120839

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