



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED JOINT PETITION)
OF TCG NEW JERSEY, INC. AND TELEPORT) ORDER
COMMUNICATIONS AMERICA, LLC FOR APPROVAL)
OF AN INTERNAL MERGER AND A TRANSFER OF)
LICENSE AS PART OF AN INTERNAL CORPORATE)
RESTRUCTURING) DOCKET NO. TM12090826

Parties of Record:

William K. Mosca, Jr., Esq., Bevan, Mosca, Giuditta & Zarillo, P.C., on behalf of Petitioners
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On September 14, 2012, TCG New Jersey, Inc. ("TCG New Jersey") and Teleport Communications America, LLC ("TCAL" and collectively, the "Petitioners"), by their counsel and pursuant to N.J.S.A. 48:2-51.1, N.J.S.A. 48:3-7 and N.J.A.C. 14:1.5.14 filed a verified joint Petition requesting that the New Jersey Board of Public Utilities ("Board") approve a proposed internal merger of TCG New Jersey and TCAL, both of which are wholly-owned indirect subsidiaries of AT&T Corp., and the transfer of TCG New Jersey's license to TCAL. Upon completion of the reorganization, TCAL will provide telecommunications services to all of the customers of TCG New Jersey at the same rates, terms, and conditions that they currently receive.

BACKGROUND

TCG-NJ is a Delaware corporation with headquarters in Bedminster, New Jersey. TCG-NJ is directly owned by TCG Joint Venture Holdings, Inc., (1%) and TCG Partners (99%) both of which are wholly owned by Teleport Communications Group Inc., and indirect subsidiaries of AT&T Corp. TCG New Jersey obtained authorization to provide local exchange and interexchange telecommunications services when it assumed the operating authority of TCG Delaware Valley, Inc. See Order, I/M/O the of Petition of TCG New Jersey, Inc. and TCG Delaware Valley, Inc. for Approval of Internal Merger and Transfer of Control as Part of Internal

Corporate Restructuring, Docket No. TM08010054, dated March 4, 2008. TCG-NJ is also authorized to provide telecommunications services in Delaware, Massachusetts, New Hampshire and Pennsylvania. TCAL is a Delaware limited liability company with headquarters in Bedminster, New Jersey. TCAL is a wholly owned subsidiary of Teleport Communications Group Inc. which is a wholly owned subsidiary of AT&T Corp.

AT&T Corp. is a New York corporation with headquarters in Bedminster, New Jersey. AT&T Corp operates a worldwide telecommunications network and either directly or through its subsidiaries offers wireline and Internet-based services and products serving retail residential, business, government and wholesale customers. AT&T Corp. is a subsidiary of AT&T Inc. (formally SBC Communications Inc.).

DISCUSSION

As noted above, TCG New Jersey and TCAL are both wholly owned subsidiaries of Teleport Communications Group Inc., a wholly owned direct subsidiary of AT&T Corp., which in turn is a wholly owned subsidiary of AT&T Inc. According to the petition, on or about December 31, 2012, the assets, liabilities, and operations of TCG New Jersey and TCAL will be merged and the surviving entity will be TCAL. TCAL will also assume TCG New Jersey's Authority to provide telecommunications services in New Jersey.

According to the petition, the proposed merger is part of an ongoing effort by AT&T Inc., the parent of AT&T Corp., to simplify the corporate structures of its subsidiaries. The petitioners claim that this merger will result in a more streamlined corporate structure that will enable AT&T Corp. more efficiently to achieve operational, administrative, and strategic objectives.

The proposed merger is entirely internal to AT&T Inc., which is and will remain the ultimate corporate parent of AT&T Corp. and therefore will retain complete indirect ownership and control of the assets, operations, and authorizations used to provide regulated services in New Jersey.

In evaluating this petition, 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, under N.J.S.A. 48:3-7 and N.J.S.A. 48:3-10, the Board is required to determine whether the public utility or a wholly owned subsidiary thereof may be unable to fulfill its pension obligations to any of its employees.

Petitioners assert that there will be no change in the rates or terms and conditions under which TCG New Jersey currently serves customers either under tariff or contract. Following the merger, TCG New Jersey will assign its service agreements to TCAL, and TCAL will adopt TCG New Jersey's tariffs. The same personnel who manage these services will continue to do so and there will be no change in the network assets used to provide these services. Further, the Petitioners state that there are no adverse employment actions planned as a result of the merger. Petitioners also state that the merger will be transparent to customers, with the only change being a name change from TCG New Jersey to TCAL, and that the surviving entity TCAL, will make any required name changes to tariffs.

The Division of Rate Counsel has reviewed this matter and by letter dated October 12, 2012, states that it does not object to Board approval of the Petition.

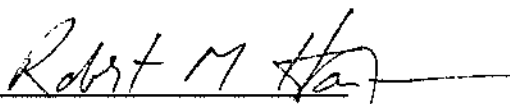
FINDINGS AND CONCLUSIONS

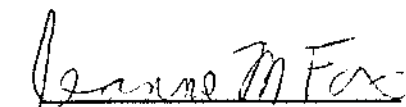
After a thorough review of the petition and all related documents, the Board concludes that there will be no negative impact on rates or service quality since TCG New Jersey's, New Jersey customers will continue to receive the same services at the same rates, through the same assets, provided by the same employees and under the same terms and conditions. Also, the Board is satisfied that positive benefits will flow to customers based on the record presented by Petitioners as the transaction will result in a more streamlined corporate structure that will enable AT&T Inc., the parent of AT&T Corp., to more efficiently achieve potential operational, administrative and strategic objectives. In addition, the Board is persuaded that Petitioners will make every effort to minimize any potential adverse impact to employees in New Jersey.

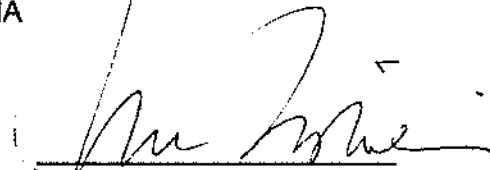
Accordingly, the Board **FINDS** that the proposed merger will have no material impact on the rates of current customers, or on employees. The Board also **FINDS** that the merger will have no negative impact on the provision of safe, adequate and proper service, and will positively benefit competition. Therefore, after investigation, having considered the record and exhibits submitted in this proceeding, the Board **FINDS** that the proposed merger is in accordance with the law and in the public interest, and **HEREBY ORDERS** that within 7 days of the consummation of the transfer Petitioners shall notify the Board of the closing of the proposed transaction and that within 30 days new tariffs shall be filed with the Board to reflect the name change.

DATED: 12/19/12

BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT

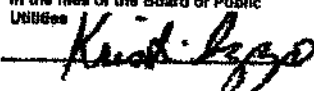

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ATTEST 
KRISTI IZZO
SECRETARY

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


IN THE MATTER OF THE VERIFIED JOINT PETITION OF TCG NEW JERSEY, INC., AND
TELEPORT COMMUNICATIONS AMERICA, LLC FOR APPROVAL OF INTERNAL MERGER
AND TRANSFER OF LICENSE AS PART OF INTERNAL CORPORATE RESTRUCTURING.
DOCKET NO. TM12090826

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