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NJ BPU
CASE MANAGEMENT

WILLIAM K. MOSCA, JR.
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March 6, 2014

VIA FEDERAL EXPRESS AND EMAIL TO kristi.izzo@bpu.state.nj.us

The Honorable Kristi Izzo
Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

TM14030234

**Re: Joint Petition of Teleport Communications New York and Teleport
Communications America, LLC, For Approval of Internal Merger and Transfer
of License as Part of Internal Corporate Restructuring**

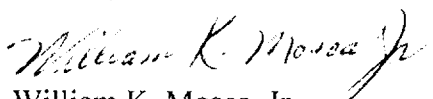
Dear Secretary Izzo:

Enclosed for filing are an original and ten copies of the Joint Petition of Teleport Communications New York ("TNCY") and Teleport Communications America, LLC ("TCAL"), For Approval of Internal Merger and Transfer of License as Part of Internal Corporate Restructuring. The proposed transactions are entirely internal to AT&T Corp., which is a subsidiary of AT&T Inc., and they are part of a comprehensive effort to simplify the corporate structure of AT&T Corp.

Also enclosed is a check in the amount of \$25.00 for the requisite filing fee. Please contact me if you have any questions regarding this petition.

LMS
Beslow(2)
DAG
RPA
TELEC(6)

Respectfully submitted,


William K. Mosca, Jr.

Enclosures

Secretary Izzo
March 6, 2014
Page 2 of 2

cc: Tricia Caliguire
Anthony Centrella
James Murphy
Rocco Della-Serra
Carol Artale
Christopher White

**Joint Application for Approval of Merger of
Teleport Communications New York and Teleport Communications America, LLC**

CERTIFICATE OF SERVICE

I certify that on this 6th day of March, 2014, on behalf of AT&T Corp., I caused ten (10) copies of the Joint Application for Approval of Merger of Teleport Communications New York and Teleport Communications America, LLC to be served on the following individual electronically and via overnight delivery:

The Honorable Kristi Izzo, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350
Kristi.Izzo@bpu.state.nj.us

I further certify that on the same date I caused one (1) copy of the above-mentioned document to be served on the following individuals electronically and via regular mail:

Anthony Centrella, Director
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New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
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Trenton, NJ 08625-0350
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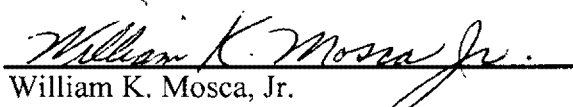
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William K. Mosca, Jr.

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

RECEIVED
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OFFICE OF THE
CLERK OF THE BOARD

In the Matter of the)
Verified Joint Petition of)
)
TELEPORT COMMUNICATIONS NEW YORK)
and TELEPORT COMMUNICATIONS) Docket No. _____
AMERICA, LLC)
)
For Approval of Internal Merger and Transfer of)
License as Part of Internal Corporate Restructuring)

**JOINT PETITION FOR APPROVAL OF INTERNAL MERGER
AND TRANSFER OF LICENSE**

1. Pursuant to N.J.S.A. 48:2-51.1 a. and 48:3-7, and N.J.A.C. 14:1-5.14, Teleport Communications New York ("TCNY") and Teleport Communications America, LLC ("TCAL," and together, the "Petitioners"), by this Joint Petition respectfully request that the Board of Public Utilities ("Board") approve the internal merger of TCNY and TCAL, both of which are wholly-owned indirect subsidiaries of AT&T Corp., and the transfer of TCNY's license to TCAL. The planned merger is part of a multi-state initiative to consolidate in TCAL the provision of intrastate regulated telephone services that are now provided through multiple Teleport subsidiaries that operate within the AT&T Corp. corporate structure. By Order dated December 19, 2012, the Board approved a merger between TCG New Jersey, Inc. ("TCG New Jersey") and TCAL. The instant merger will consolidate TCNY into TCAL and similarly streamline the manner in which the AT&T "family" of companies provides local service in New

Jersey. Exhibit 1 illustrates the relevant corporate structure of TCNY before and after the proposed merger.

2. The planned transactions are in the public interest. They will permit the continued provisioning of existing services at just and reasonable rates, will not affect employees, and will neither alter the Board's authority to regulate the intrastate wireline services currently provided by TCNY nor adversely affect the competitiveness of the State's telecommunications markets. To the contrary, they will enhance AT&T Corp.'s ability to provide those services in a more efficient way.

I. THE PARTIES

3. TCNY is a New York general partnership with headquarters at One AT&T Way, Bedminster, New Jersey 07921.¹ On September 19, 1996, TCNY was authorized to provide local exchange and interexchange telecommunications services in New Jersey.²

4. Teleport Communications America, LLC, is a Delaware limited liability company with headquarters at One AT&T Way, Bedminster, New Jersey, 07921. TCAL is a wholly owned direct subsidiary of Teleport Communications Group Inc., which is a wholly owned subsidiary of AT&T Corp., which, in turn, is a wholly owned subsidiary of AT&T Inc. (formerly SBC Communications Inc.). AT&T Inc. is one of the largest providers of telecommunications services in the world. Exhibit 2 contains certified copies of the Delaware certificate of

¹ As shown in Exhibit 1, currently the general partners of TCNY are TC New York Holdings I, Inc. and TC New York Holdings II, Inc. If the merger of TCNY into TCAL is approved, those partnership interests of TC New York Holdings I, Inc. and TC New York Holdings II, Inc. will be extinguished.

² TCNY was authorized to provide local exchange telecommunications services in New Jersey in *I/M/O Petition of Teleport Communications New York for a Rulemaking Authorizing Tariffs to Provide Alternative Local Exchange Services*, Telecommunications Order of Approval, Docket No. TX95100501 (June 19, 1996).

formation of Teleport Communications America, LLC, and its registration with the New Jersey Department of State to do business within this State.

5. AT&T Inc. and its subsidiaries, including AT&T Corp. and its Teleport subsidiaries, have extensive operational and managerial experience and substantial financial resources.³ Information about AT&T Inc.'s consolidated financial status, operations, management, and services is set forth in AT&T Inc.'s most recent annual report, which is available at: <http://www.att.com/gen/investor-relations?pid=9186>.

II. DESIGNATED CONTACTS

6. All pleadings, orders, notices, and other papers filed in this docket should be served upon:

William K. Mosca, Jr., Esq.
Bevan, Mosca, Giuditta & Zarillo, P.C.
222 Mount Airy Road, Suite 200
Basking Ridge, NJ 07920
Tel.: 908-753-8300
Fax: 908-848-8301
Email: wmosca@bmgzlaw.com

with a copy to:

Brendan McMurrer, Esq.
AT&T Legal Department
One AT&T Way, Room 3A113
Bedminster, NJ 07921
Tel.: (908) 234- 6293
Email: bm5365@att.com

³ AT&T Corp. maintains a modern worldwide telecommunications network and either directly or through its subsidiaries offers wireline and Internet-based services and products serving residential, business and government customers, as well as wholesale customers. AT&T Corp. provides domestic interstate and international telecommunications services throughout the United States.

III. DESCRIPTION OF PLANNED TRANSACTIONS

7. As illustrated in Exhibit 1, TCNY and TCAL are both wholly-owned subsidiaries of Teleport Communications Group Inc., which is a wholly-owned direct subsidiary of AT&T Corp., a wholly owned subsidiary of AT&T Inc. Under the planned transactions, on or about May 31, 2014, the assets, liabilities and operations of the two entities will be merged. The surviving entity will be TCAL, to which TCNY will transfer its authority to operate. These transactions will be wholly internal to the AT&T Inc. “family” of companies, and there will be no change in the ultimate ownership and control of TCNY’s assets, liabilities, or operations.⁴

IV. REQUEST FOR APPROVAL

8. The planned transactions are entirely internal. TCAL, like TCNY, is a direct subsidiary of Teleport Communications Group Inc., and an indirect subsidiary of AT&T Corp., which itself is subject to the Board’s jurisdiction pursuant to its merger with AT&T Communications of NJ, L.P., which was consummated on October 31, 2012.⁵ AT&T Inc. is and will remain the ultimate corporate parent of all the AT&T and Teleport entities. Therefore, AT&T Corp. (and ultimately AT&T Inc.) will retain complete indirect ownership and control of the assets, operations, and authorizations used by TCAL to provide regulated services in New Jersey.

9. N.J.S.A. 48:2-51.1 a. sets forth the statutory criteria that the Board must consider when evaluating a request for a merger/change of control. The Board must consider the impact

⁴ As illustrated in Exhibit 1, prior to the merger of TCNY and TCAL, two preliminary steps will occur: TCG New York, Inc. will merge into TCAL; and TC New York Holdings I, Inc. and TC New York Holdings II, Inc. will convert from corporations to limited liability companies.

⁵ As approved by the Board in *In the Matter of the Verified Joint Application of AT&T Communications of NJ, L.P., and AT&T Corp. for Approval of Merger of AT&T Communications of NJ, L.P., and AT&T Corp.*, Docket No. TM12060482 (2012).

on: (i) competition; (ii) rates of affected ratepayers; (iii) the employees of the affected utilities; and (iv) the provision of safe and adequate service at just and reasonable rates.

10. The merger meets all of the statutory criteria and will provide positive benefits to customers and to New Jersey. First, as noted above, the merger is part of an on-going effort by AT&T Inc., the parent of AT&T Corp., to simplify the corporate structures of its subsidiaries and streamline the manner in which services are provided. This merger will result in a more streamlined corporate structure that will enable AT&T Corp. to more efficiently achieve operational, administrative, and strategic objectives.

11. Second, there will be no change to the rates or substantive terms and conditions under which TCNY currently serves customers, either under tariff or contract. Once the transactions are completed, TCNY will assign its service agreements to TCAL, and TCAL will, with the Board's approval, incorporate TCNY's tariffs into TCAL's tariffs and assume TCNY's rights and obligations under TCNY's existing tariffs. In addition, the same personnel who manage these services for TCNY will continue to do so for TCAL, using the same network assets that are currently used to provide these services. TCAL, the surviving entity, will make the requisite name changes to tariffs and contracts, but the merger will be transparent to customers, who will continue to receive high-quality and reasonably priced services billed in the same manner that they currently are billed.⁶

⁶ The only difference that customers see will be a change in the name of their provider, from TCNY to TCAL. Beginning in April 2014, TCNY will provide customers with bill message notices of the proposed transaction. In addition, if the merger is approved, TCAL will provide customers with notice that TCAL now provides services. The notices will be substantially similar to those indicated in Exhibit 3. Petitioners request that the Board deem these notices to fulfill any notice requirements.

12. Third, the merger will not have any adverse employment or other adverse consequences. The employees who currently provide service for TCNY will continue to do so for TCAL, and there are no adverse employment actions planned as a result of this merger.

13. Fourth, customers will continue to receive safe and adequate utility service at just and reasonable rates, because the financial, network and human resources of AT&T Corp. and its parent AT&T Inc. are substantial (as outlined in AT&T Inc.'s annual reports) and will continue to ensure smooth operations and competitive pricing based upon TCNY's current rates.

14. Following the merger, all of the franchises, rights, and permits now exercised by TCNY will continue to be exercised by TCAL, using the same facilities, processes and personnel employed by TCNY. Therefore, TCAL will have all the assets and all the managerial and technical knowledge and experience needed to support TCNY's customers in the manner to which they are accustomed. Moreover, TCAL, as an indirect subsidiary of AT&T Inc., clearly has sufficient financial qualifications to assume TCNY's authority to operate as a public utility.

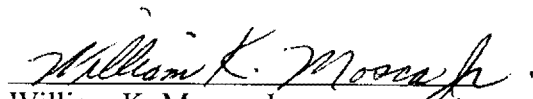
15. Despite the fact that the only difference customers will see is a change in the name of their provider, Petitioners will provide customers with bill message notices of the name change using a notice substantially similar to the text in Exhibit 3, beginning with the first bill issued after the merger is approved. Given this notice and the transparency of the transactions to customers, Petitioners request that the Board find that they do not invoke the consumer protection requirements of the Board's anti-slamming regulations, N.J.A.C. 14:10-11.1 et seq., or its mass migration regulations, N.J.A.C. 14:10-12.1 et seq.

V. **CONCLUSION**

For the reasons demonstrated above, Petitioners request that the Board authorize the following:

- a) The merger of Teleport Communications New York ("TCNY") and Teleport Communications America, LLC ("TCAL"), confirming that the surviving entity, Teleport Communications America, LLC, may exercise all of the rights and powers currently possessed by Teleport Communications New York;
- b) The transfer of TCNY's operating authority to Teleport Communications America, LLC.
- c) Teleport Communications America, LLC's adoption of the relevant terms of Teleport Communications New York's intrastate tariffs;
- d) Except for the notices referenced above and in Exhibit 3, waiver of the Board's anti-slamming and mass migration requirements and any notice or other regulatory requirements; and
- e) The granting of such other and additional relief as may be just and reasonable.

Respectfully submitted,



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