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CASE MANAGEMENT

AUG 28 2018

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

PHIL MURPHY
Governor

SHEILA OLIVER
Lt. Governor



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AUG 28 2018

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

STEFANIE A. BRAND
Director

Via Electronic and Regular Mail

August 24, 2018

Aida Camacho, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 3rd Fl., Ste. 314
P.O. Box 350
Trenton, New Jersey 08625-0350

Re: I/M/O the Verified Joint Petition of Lingo Communications, LLC, Birch Communications of Northeast, LLC, TNCI Impact, LLC and Matrix Telecom, LLC for Approval of the Proposed Transfer of Indirect Control of Matrix Telecom, LLC to Lingo Communications, LLC
BPU Docket No.: TM18070796

Dear Ms. Camacho:

The New Jersey Division of Rate Counsel ("Rate Counsel") has reviewed the above referenced Verified Joint Petition of Lingo Communications, LLC, ("Transferee" or "Lingo") Birch Communications of Northeast, LLC ("Birch-NE"), TNCI Impact, LLC ("Transferor" or "TNCI"); and Matrix Telecom, LLC, ("Matrix") (collectively, the "Petitioners") filed with the New Jersey Board of Public Utilities ("Board") seeking Board approval, to the extent required, to effectuate a transfer of indirect control of Matric to Transferee, without change or impact on Matric customers.¹ Rate Counsel submits the within comments on this matter for the Board's consideration and encloses with this original please ten copies. Kindly return a date/stamped "Received" and/or "Filed" copy to Rate Counsel. For the reasons that follow, Rate Counsel does not object to Board approval of Petitioners' requests in this matter.

Petitioners and Transaction

Matrix is a Texas limited liability company and a wholly owned indirect subsidiary of Transferor, and provides facilities-based competitive local exchange telecommunications services in New Jersey under Board docket TE06120898 as of April 13, 2007.² Lingo/Transferee, a holding company, is a Georgia limited liability company and a wholly owned subsidiary of GG Telecom Investors, also a Georgia limited liability company. Birch-NE is an indirect wholly owned subsidiary of Lingo and provides facilities-based and resold local exchange and intrastate interexchange telecommunications service in New Jersey under Board docket TE17121242, as of May 22, 2018.³ Petitioners state that pursuant to the Securities Exchange Agreement, Lingo will acquire Impact Acquisition, LLC, a Delaware limited liability company and an indirect parent of Matrix, and Matrix will become an indirect subsidiary

¹ Petition at pp. 4-5.

² Id., at p. 2.

³ Petition at p. 2.

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of Lingo. Petitioners further request authority for Lingo post the initial acquisition to eliminate Impact Telecom, Inc., from the chain of ownership of Matrix resulting in Matrix becoming a wholly owned direct subsidiary of Impact Acquisitions, LLC. Petitioners state that post the transactions Matrix will continue to conduct all current operations as conducted prior to the acquisition by Lingo.⁴ The transfers will occur entirely at the holding company level and will be transparent and have no impact on Matrix's managerial team nor on its customers or on the services Matrix provides which will continue to be provided to current customers under the same rates, terms and conditions of service as prior to the indirect transfer transaction.⁵ Petitioners note that Transferee and Birch-NE have no employees in New Jersey but Matrix and its' affiliates (collectively, "Impact Telecom") have two employees located in New Jersey.⁶

Prior Board approval of any sale or merger Board's approval must be based on its satisfaction that the transaction will result in positive benefits and are in the public interest. Petitioners have provided information required by *N.J.S.A. 48:2-51.1 et seq.*, and *N.J.S.A. 48:3-10* regarding a petition for approval of a transfer of control/merger. Petitioners assert that the transfer will strengthen and increase the company's financial and technical ability to compete, will not directly affect Matrix's management, reduce competition, or services but assert that they have not engaged in any "material integration planning and there are no current plans with regards to New Jersey employees as of yet."⁷ However, Rate Counsel is concerned over the potential diminished service, service quality and customer service capability based on attrition in employment post the transaction which would not be in the public interest. Hence, Rate Counsel respectfully urges that the Board verify Petitioners current employees in New Jersey and 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 post-issuance of the Board's Order as a condition of approval of this merger transaction.

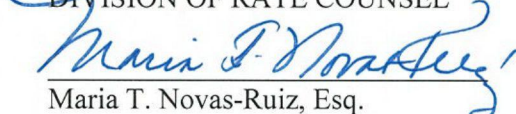
Rate Counsel supports the contemplated continued provision of innovative, high quality telecommunications services to the public and the promotion of increased competition in the New Jersey telecommunications market for the benefit of both residential and business customers in this state. Accordingly, Rate Counsel would not oppose Board approval of the proposed transfer based on the recommendations discussed herein regarding New Jersey employment.

Thank you for your attention to this matter.

Very truly yours,

STEFANIE A. BRAND, ESQ.
DIRECTOR

DIVISION OF RATE COUNSEL



Maria T. Novas-Ruiz, Esq.
Assistant Deputy Rate Counsel

MNR/td
c: Service List

⁴ Id., at p. 5.

⁵ Id., at p. 5.

⁶ Id., at p.2.

⁷ Id., at pp. 4-5.

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