



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)
APPLICATION OF AT&T COMMUNICATIONS OF NJ,) ORDER
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

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 June 1, 2012, AT&T Communications of NJ, L.P., and AT&T Corp. (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 reorganization that would result in the merger of AT&T Communications of NJ, L.P. with and into AT&T Corp. with the surviving entity being AT&T Corp. Upon completion of the reorganization, AT&T Corp. will provide telecommunications services to all of the customers of AT&T Communications of NJ, L.P. at the same rates, terms, and conditions that they currently receive.

BACKGROUND

AT&T Communications of NJ, L.P., is a Delaware limited partnership with headquarters in Bedminster, New Jersey. It is a wholly-owned subsidiary of AT&T Corp., which, in turn, is a wholly owned subsidiary of AT&T Inc. AT&T Communications of NJ, L.P., provides local exchange, interexchange, and other telecommunications services and products to residential, business, and government customers in New Jersey. In New Jersey, AT&T Communications of New Jersey, L.P., is authorized to provide local exchange and interexchange services. See Order, In the Matter of the Petition of AT&T Communications of New Jersey, Inc., for Approval to Become a Provider of Competitive Local Exchange Telecommunications Services in the State of New Jersey, Docket No. TE95120653, dated June 20, 1996. 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

According to the Petition, the proposed merger is part of a multi-state initiative to consolidate in AT&T Corp. the provision of intrastate regulated telephone services that are now provided through multiple and duplicative state-specific subsidiaries of AT&T Corp. Under the proposed transaction, the assets, liabilities, and operations of AT&T Communications of NJ, L.P. and AT&T Corp. would be merged, with the surviving entity being AT&T Corp. Petitioners point out that there would be no change in the ultimate ownership and control of assets, liabilities or operations of the merged companies. Also, 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 the proposed merger will enhance competition by permitting AT&T to serve customers through a more streamlined corporate structure. There will be no change in the rates or terms and conditions under which AT&T Communications of NJ, L.P. currently serves customers either under tariff or contract. 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 claim that the merger will be transparent to customers; with the only change being a name change from AT&T Communications of NJ, L.P., to AT&T Corp. and that the surviving entity AT&T Corp. will make any required name changes to tariffs.

The Division of Rate Counsel has reviewed this matter and by letter dated July 10, 2012, states that it does not object to Board approval of the Petition.

FINDINGS AND CONCLUSIONS

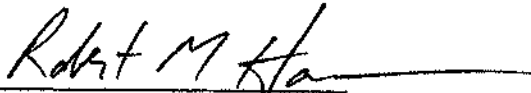
After a thorough review of the Petition and all related documents, the Board concludes that there will be no negative impact on rates or service quality since AT&T Communications of NJ, L.P.'s, New Jersey customers will continue to receive the same services at the same rates, through the same assets, 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

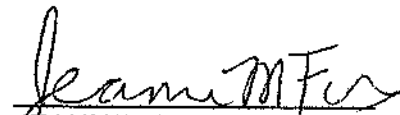
persuaded that AT&T Corp. will make every effort to minimize any potential adverse impact to employees in New Jersey.

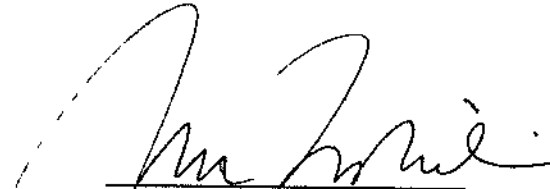
Accordingly, the Board **FINDS** that the proposed transactions will have no material impact on the rates of current customers, or on employees. The Board also **FINDS** that the transactions will have no negative impact on the provision of safe, adequate and proper service, and will positively benefit 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 within 30 days new tariffs shall be filed with the Board to reflect the name change.

DATED: 8/15/12

BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT



JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

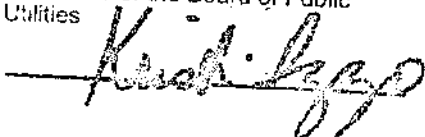

NICHOLAS ASSELTA
COMMISSIONER


MARYANNA HOLDEN
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



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

SERVICE LIST

William K Mosca, Jr.
Bevan, Mosca, Giuditta & Zarrillo, P.C.
222 Mt. Airy Rd.
Suite 200
Basking Ridge, New Jersey 07920
wmosca@bmgzlaw.com

Robert C. Barber, Esq.
Philip S. Shapiro, Esq.
AT&T Legal Department
3033 Chain Bridge Road
Oakton, Virginia 22185

Stefanie A. Brand
Director, Division of Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101
sbrand@rpa.state.nj.us

James F. Murphy
Rocco Della Serra
Board of Public Utilities
Division of Telecommunications
44 South Clinton Street, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625
james.murphy@bpu.state.nj.us
rocco.della-serra@bpu.state.nj.us

Alex Moreau
Department of Law & Public Safety
Division of Law
124 Halsey Street – 5th Floor
P.O. Box 45029
Newark, New Jersey 07101
alex.moreau@dol.lps.state.nj.us