



State of Utah
Department of Commerce
Division of Public Utilities

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MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Bill Duncan, Telecommunications / Water Manager
Ron Slusher, Utility Technical Consultant

Date: March 21, 2016

Re: In the Matter of Comtech Telecommunications Corp Notice of Acquisition of Telecommunications Systems, Inc. and its Wholly Owned Subsidiary, Next Gen Communications, Docket Number 16-2507-01.

RECOMMENDATION (Approve):

The Division of Public Utilities (“Division”) has reviewed the joint application between Comtech Telecommunications Corp. and TeleCommunication Systems, Inc. and believes that the public interest will be promoted by recommending that the Public Service Commission (“Commission”) allow the this Transfer of Control and Assets. As a result of the acquisition, the Companies should be in a better position to provide expanded and advanced telecommunications services in the State of Utah.

The Division expects that based on history that a filing of this type and with the information submitted by the company there will be no objections or opposition to this recommendation. Therefore, the Division request that this docket be adjudicated informally in accordance with R746-110-1.

EXPLANATION:

On or about February 23, 2016, Comtech Telecommunications Corp. (“Comtech”) and TeleCommunication Systems, Inc. (“TCS”) notified the Commission of a transaction, which will result in a transfer of control of TCS to Comtech.

Comtech Telecommunications Corp. is a Delaware corporation headquartered at 105 Baylis Road, Melville, New York 11747. Comtech conducts business through three complementary

segments: telecommunications transmission, mobile data communications, and RF microwave amplifiers.

TeleCommunication Systems, Inc. is a Maryland corporation headquartered at 275 West Street, Annapolis, MD 21401 and is the parent company of NextGen Communications, Inc. (“NextGen”). NextGen is authorized to provide public telecommunications services in the State of Utah by the Commission on September 08, 2009, Docket No. 09-2507-01.

On November 22, 2015, Comtech and TCS entered into an Agreement whereby Comtech agreed to purchase all outstanding shares of capital stock of TCS. As a result of Acquisition, Comtech will acquire control over all assets of TCS, including all regulated telecommunications assets of TCS's wholly-owned subsidiary NextGen.

The Applicants submit that the transaction described herein will serve the public interest. The Applicants expect that the merger will enable the combined entities to better meet the needs of enterprises, wholesale buyers, and other customers. The transaction will bring together two successful carrier organizations that have proven themselves in a highly competitive marketplace. The transaction will help create a stronger competitor by bringing together each organization’s respective strengths. Operating as an integrated company will allow each of the operating companies to be more competitive and to deliver greater value and variety of services to their customers than they do individually.

The Applicants further submit that the transaction will be conducted in a manner that will be largely transparent their customers. The transaction will not result in a change of carrier for customers or any assignment of authorizations, and in no event will it result in the discontinuance, reduction, loss, or impairment of service to customers

cc. Dr. Stanton D. Sloane, CEO and President, Comtech Telecommunications Corp.
Thomas Ginter, VP, TeleCommunication Systems, Inc.
Thomas H. Rowland, Counsel for the Companies
Justin Jetter, Assistant Attorney General, State of Utah
Cheryl Murray, Utility Analyst, Office of Consumer Services, State of Utah