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State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

CHRIS PARKER
Director, Division of Public Utilities

MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Artie Powell, Division Manager
Ron Slusher, Utility Technical Consultant

Date: August 23, 2019

Re: In the Matter of the Joint Notice of Fusion Connect, Inc., Debtor-In-Possession, Fusion Cloud Services, LLC, Debtor-In-Possession, and Telecom Holdings LLC of a Transaction that will Result in a Material Change to the Indirect Ownership and Control of Fusion Cloud Services, LLC. Docket Number 19-2600-02.

RECOMMENDATION (Allow):

The Division of Public Utilities (“Division”) has reviewed the joint application between Fusion Connect, Inc., Fusion Cloud Services, LLC, and Telecom Holdings LLC. The public interest will be promoted by the Public Service Commission (“Commission”) allowing this Indirect Transfer of Control. 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.

It appears the companies have complied with the rules as required under Utah Code Ann. § 54-4-28 Merger, consolidation or combination and Utah Code Ann. § 54-4-30 Acquiring properties of like utility only on consent of Commission.

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 requests that this docket be adjudicated informally in accordance with Administrative Rule R746-110-1.

EXPLANATION:

On or about August 09, 2019, Fusion Connect, Inc. (“Fusion Connect”), Fusion Cloud Services, LLC (“Fusion Cloud”), and Telecom Holdings LLC (“Telecom Holdings”) notified the

Commission of a transaction, which will result in a transfer of control of Fusion Cloud Services, LLC to Telecom Holdings LLC.

Fusion Cloud Services, LLC, formally known as Birch Communications, LLC, is a Georgia limited liability company, with principal its address at 210 Interstate North Parkway, Suite 300, Atlanta, GA 30339. Fusion Cloud Services, LLC is authorized to provide public telecommunications services in the State of Utah by the Commission on January 23, 2018, Docket No. 17-2600-01. Fusion Cloud Services, LLC is a subsidiary of Fusion Connect, Inc.

Telecom Holdings LLC is a Delaware limited liability corporation headquartered at 1 Market Street, Steuart Tower, 23rd Floor San Francisco, CA 94105. Telecom Holdings LLC is an investment holding company.

Fusion Connect, Inc. and its subsidiaries filed for chapter 11 bankruptcy on June 03, 2019 and on July 01, 2019 filed a plan of reorganization. Under the reorganization, all current equity interests in Fusion Connect, Inc. will be cancelled, certain existing debt of the Fusion Connect subsidiaries will be extinguished, and the holders of that debt will receive, among other things, new common stock in Reorganized FCI. As a result of this transaction at the parent level, Telecom Holdings LLC will acquire more than fifty percent (50%) of the indirect equity interests in Fusion Cloud Services, LLC.

The Applicants submit that the transaction described herein will serve the public interest. This restructuring and the newly configured financial resources available to the Fusion Connect and its subsidiaries should ensure that they continue to offer competitive, high-quality communications and cloud service offerings to customers throughout the United States.

The Applicants further submit will have no adverse effects upon the Utah or interstate telecommunications markets. Fusion Cloud Services, LLC has a small share of this market and, significantly, the transaction will not eliminate any market participants nor will it, in any respect, reduce the service choices available to consumers.

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