

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 20A-0376T

IN THE MATTER OF THE JOINT APPLICATION OF RED FIBER PARENT LLC,
CINCINNATI BELL INC. AND CBTS TECHNOLOGY SOLUTIONS LLC FOR APPROVAL
OF THE PROPOSED TRANSFER OF INDIRECT CONTROL OF CBTS TECHNOLOGY
SOLUTIONS LLC TO RED FIBER PARENT LLC.

**COMMISSION DECISION
APPROVING JOINT TRANSFER**

Mailed Date: October 27, 2020

Adopted Date: October 21, 2020

I. BY THE COMMISSION

A. Statement

1. This matter comes before the Commission for consideration of a Joint Application filed by Transferee Red Fiber Parent LLC (Red Fiber Parent), Transferor Cincinnati Bell Inc. (Cincinnati Bell), and Licensee CBTS Technology Solutions LLC (CBTS) on September 8, 2020. The applicants request Commission authorization for a change of control that involves CBTS, an entity that holds Commission issued telecommunications authority and a subsidiary of Cincinnati Bell.

2. We will construe this filing as an application for approval of the transfer of control of the Commission issued telecommunications authority held by CBTS pursuant to 4 *Code of Colorado Regulations* 723-2-2110 of the Commission's Rules Regulating Telecommunications Services and Providers of Telecommunications Services.

3. CBTS acquired a Certificate of Public Convenience and Necessity (CPCN) for the provision of local exchange and a Letter of Registration (LOR) to provide emerging competitive

services in Decision No. C09-1461 in Proceeding No. 09A-850T on December 29, 2009. The company was also authorized to provide intrastate operator services throughout Colorado pursuant to Decision No. C04-0079 in Proceeding No. 03A-540T on January 21, 2004.

4. CBTS is an indirect wholly owned subsidiary of Cincinnati Bell. Cincinnati Bell is a publicly traded company that, through various subsidiaries, offers high-speed data, video, and voice solutions to consumers and businesses over an expanding fiber network and legacy copper network.

5. Red Fiber Parent is a limited liability company that has been established as an acquisition vehicle for the purposes of this transaction. At closing of the transaction, Red Fiber Parent will be majority owned indirectly by MIP V (FCC) AIV, L.P., a Delaware limited partnership. Red Fiber Parent does not hold any Commission issued telecommunications authorities.

6. On September 11, 2020, notice of the Joint Application was provided to all persons, firms, or corporations interested in or affected by the grant or denial of the requested relief. Interventions were due on or before October 12, 2020. No interventions were filed.

7. On October 14, 2020, CBTS filed a supplement to its Joint Application by providing an updated post-transaction chart depicting CBTS's corporate structure.

B. Discussion

8. The Commission has jurisdiction over this Joint Application pursuant to §§ 40-5-105, 40-15-204, and 40-15-303, C.R.S.

9. The application contains all of the information required by the applicable Commission Rules and is therefore deemed complete.

10. The application is unopposed and therefore may be considered without a formal hearing, pursuant to § 40-6-109(5), C.R.S.

11. Pursuant to the Agreement and Plan of Merger, dated March 13, 2020, by and among Red Fiber Parent, RF Merger Sub Inc. (Merger Sub), and Cincinnati Bell, Merger Sub will merge with and into Cincinnati Bell (the Transaction) and as a result of such merger, Red Fiber Parent will acquire all of the outstanding shares of common stock of Cincinnati Bell.

12. Merger Sub, an Ohio corporation formed for the purposes of the Transaction, is a direct, wholly owned subsidiary of Red Fiber Parent, a Delaware limited liability company.

13. Upon closing of the Transaction, Merger Sub will merge with and into Cincinnati Bell, whereupon the separate existence of Merger Sub will cease and Cincinnati Bell will be the surviving corporation in the merger. Cincinnati Bell will then be a direct wholly owned subsidiary of Red Fiber Parent. As a result of the Transaction, the Licensee will become an indirect subsidiary of Red Fiber Parent. The corporate structure of Cincinnati Bell will otherwise not change. Following the proposed Transaction, Red Fiber Parent will own directly 100 percent of the stock of Cincinnati Bell.

14. The application represents that the Transaction will strengthen the financial position of the Cincinnati Bell enterprise as a whole by providing access to capital from new funding sources and enable accelerated investments in the company's strategic products.

15. The financial, management, and other resources made available to Cincinnati Bell and CBTS will enhance its networks and services to the benefit of their customers. Red Fiber Parent has no immediate plans to change CBTS's current rates or terms and conditions of services in connection with the Transaction. Therefore, the Transaction will be seamless to

customers, as they will not experience any immediate changes in services, or rates, terms, and conditions of service.

16. CBTS is a competitive local exchange provider with Commission issued authorities. Except for limited circumstances (such as for providers that are recipients of state high cost support and for the provision of basic emergency services), certifications to provide basic local exchange services are no longer regulated by the Commission. *See* § 40-15-401(1)(b), C.R.S. Similarly, the provision of any other emerging competitive services such as advanced features, premium services, intraLATA toll, non-optional operator services, and private line services, except switched access services and basic emergency services, are no longer regulated by the Commission. *See* §§ 40-15-401(1)(e), (k), (n), (o), (s), (t), C.R.S. Consequently, the Commission does not have the authority to approve the transfers of the CPCNs or those parts of the LORs addressing advanced features, premium services, intraLATA toll, non-optional operator services, and private line services.

17. Switched access services and the provision of basic emergency services have not been deregulated. As a result, we have the authority to review and approve/deny the transfers and encumbrances of the part of authorities held by providers that address those services.

18. We remind applicants that public utilities remain subject to Commission oversight that includes but is not limited to, reporting and payment obligations to the Colorado High Cost Support Mechanism and the Telecommunications Relay Services Program.

19. We find that the proposed transfer of control of the telecommunications authorities held by CBTS is not contrary to the public interest and therefore grant the Joint Application for transfer of control to that extent. The Joint Application recognizes the Commission's jurisdiction as it now exists. Entities that hold Commission issued authorities

remain obligated to comply with any applicable requirements or regulations as stated in Article 15 of Title 40.

II. ORDER

A. The Commission Orders That:

1. The joint application to transfer filed by Red Fiber Parent LLC (Red Fiber Parent), Cincinnati Bell Inc., and CBTS Technology Solutions LLC (CBTS) is deemed complete. The request to transfer control of the Commission issued authorities held by CBTS as a part of a transaction where Red Fiber Parent is acquiring a majority interest of Cincinnati Bell Inc., the corporate parent of CBTS, is granted.

2. Red Fiber Parent, Cincinnati Bell Inc., and CBTS or their authorized representatives shall jointly notify the Commission if the transfer has been terminated or is not completed within 60 days of the proposed effective date stated in the application or if the proposed transfer terms are changed prior to the consummation date. The notice shall include the proceeding and decision numbers which granted the authority to execute the transfer.

3. The 20-day period provided for in § 40-6-114, C.R.S., within which to file applications for rehearing, reargument, or reconsideration begins on the first day following the effective date of this Decision.

4. This Decision is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
October 21, 2020.**

(S E A L)



ATTEST: A TRUE COPY



Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

JEFFREY P. ACKERMANN

JOHN GAVAN

MEGAN M. GILMAN

Commissioners