

Decision No. C19-0687

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 19A-0380T

IN THE MATTER OF THE JOINT APPLICATION OF SQF, LLC INVESTOR, LLC FOR APPROVAL OF THE PROPOSED TRANSFER OF INDIRECT CONTROL OF SDC TILSON INVESTOR, LLC.

**COMMISSION DECISION
APPROVING JOINT TRANSFER**

Mailed Date: August 14, 2019

Adopted Date: August 14, 2019

I. BY THE COMMISSION

A. Statement

1. This matter comes before the Commission for consideration of a joint application filed by SQF, LLC (SQF) and SDC Tilson Investor, LLC (Tilson) on July 11, 2019 (Joint Application). The applicants request Commission authorization for a change of control that involves SQF, an entity that holds a Commission issued telecommunications authority.

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

3. SQF acquired a Certificate of Public Convenience and Necessity (CPCN) for the provision of Part IV services in Decision No. C18-0526 in Proceeding No. 18A-0252T on June 28, 2018.

4. Tilson is a limited liability company owned by funds managed by SDC Capital Partners, LLC, a private investment firm that is focused on information technology and communications infrastructure. Tilson does not hold any Commission issued telecommunications authority.

5. SQF Holdco, LLC (SQFH) is the direct parent company and owner of SQF. SQFH was created as a holding company of SQF, where previously SQF was directly held by Tilson Technology Management, Inc. (TTMI), a company that provided operational support services to SQF. SQFH does not hold any Commission issued telecommunications authorities.

6. The applicants state that as a part of an Investment Agreement, the existing ownership of SQF will be modified with Tilson obtaining a majority interest and SQFH retaining a minority interest in the company.

7. On July 12, 2019, 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 August 12, 2019. No interventions were filed.

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. Following the transaction, SQF will be majority owned by Tilson with SQFH holding a minority stake. The Joint Application states that SQF will continue to provide services

at the same rates, terms, and conditions that exist prior to the transaction. TTMI will continue to provide operational and other support to SQF following the transaction.

12. SQF is a competitive local exchange provider with Commission issued authority. 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 Letters of Registration addressing advanced features, premium services, intraLATA toll, non-optional operator services, and private line services.

13. 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.

14. 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.

15. We find that the proposed transfer of control of the telecommunications authority held by SQF 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 SQF, LLC (SQF) and SDC Tilson Investor, LLC (Tilson) is deemed complete. The request to transfer control of the Commission issued authority held by SQF as a part of a transaction where Tilson is acquiring a majority interest of SQF, is granted.

2. SQF, Tilson, 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
August 14, 2019.**

(S E A L)



ATTEST: A TRUE COPY



Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

JEFFREY P. ACKERMANN

FRANCES A. KONCILJA

JOHN GAVAN

Commissioners