



**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**FILED**

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In the Matter of the Joint Application of  
Cequel Corporation,  
Cebridge Telecom CA, LLC (U-6996-C),

and

Patrick Drahi, an individual; and  
Altice S.A.,

For Approval of Transfer  
of Control of Cebridge Telecom CA, LLC  
(U-6996-C) Pursuant to California Public Utilities  
Code Section 854(a)

Application No. \_\_\_\_\_  
A1506005

**JOINT APPLICATION FOR APPROVAL OF TRANSFER OF CONTROL OF  
CEBRIDGE TELECOM CA, LLC (U-6996-C)  
PURSUANT TO PUBLIC UTILITIES CODE SECTION 854(a)**

**[PUBLIC VERSION]**

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(U-6996-C) Pursuant to California Public Utilities	)	
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**JOINT APPLICATION FOR APPROVAL OF TRANSFER OF CONTROL OF  
CEBRIDGE TELECOM CA, LLC (U-6996-C)  
PURSUANT TO PUBLIC UTILITIES CODE SECTION 854(a)**

Pursuant to Section 854(a) of the California Public Utilities Code and Article 2 and Rule 3.6 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure (“Rules”), Patrick Drahi, an individual (“Drahi”); Altice S.A., a Luxembourg Société Anonyme (“Altice”); Cequel Corporation, a Delaware corporation (“Cequel,” formerly known as Nespresso Acquisition Corporation “Nespresso”); and Cebridge Telecom CA, LLC, a Delaware limited liability company (“Cebridge CA,” and together with Drahi, Altice and Cequel the “Joint Applicants”) respectfully request Commission approval to transfer control of Cebridge CA, a California certificated competitive local exchange and interexchange carrier,<sup>1</sup> from Cequel to Altice pursuant to a Purchase and Sale Agreement described more fully below in Section II (the

<sup>1</sup> As discussed in greater detail below, see Section I.C, Cebridge CA offers these certificated services to a limited customer base in select areas of the state.

“Transaction”). The Transaction is entirely at the parent/ownership level, and Cebridge CA will maintain its name, service offerings, rates, terms and conditions, and its current operating authority upon completion of the transfer.

The requested transfer of control is entirely consistent with Section 854(a). Among other things, it will (a) provide Cebridge CA (as well as Cequel) with access to Altice’s operational expertise, scale and capital resources, thereby allowing it to become an even more robust competitor in the marketplace for telecommunications services; (b) be seamless and transparent to consumers in terms of current services, rates, terms and conditions; (c) ensure that consumers continue to receive the same level of dependable service they have come to expect; (d) maintain operational management continuity; and (e) sustain the competitive environment for local exchange and interexchange services in the markets it serves.

Given these factors and the conventional nature of the underlying Transaction, Joint Applicants do not anticipate any protests to the Application and respectfully submit that this matter will be appropriate for expedited approval. The Commission has consistently approved transfers of control under Section 854 in similar instances in which the proposed transfer involves a change of control of a competitive carrier through the transfer of equity interests in the ultimate corporate parent of that carrier, and where the proposed transfer is seamless to customers in that it causes no change in any operations, rates, terms, or conditions of service.<sup>2</sup>

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<sup>2</sup> See, e.g., *Joint Application of G3 Telecom USA Inc. (U7237C and U1165C) and Telehop Communications, Inc. for Approval of a Transfer of Control of G3 Telecom USA Inc. pursuant to California Public Utilities Code Section 854(a)*, D.14-08-016, at 6 ; *Joint Application of Primus Telecommunications, Inc. (U-5513-C) and PTUS, Inc. for Approval of a Transfer of Control*, D.13-09-017, at 5 ; *Joint Application of Securus Technologies, Inc. (U6888C), T-NETIX Telecommunications Services, Inc. (U5324C), and Securus Investment Holdings, LLC for Approval of Acquisition by Securus Investment Holdings, LLC of Indirect Control over Securus Technologies, Inc. and T-NETIX Telecommunications Services, Inc.*, D.13-10-004, at 6 .

As explained more fully below, the proposed transfer satisfies all of these criteria. Thus, the Joint Applicants respectfully request that the Commission approve this Joint Application expeditiously.

## **I. DESCRIPTION OF THE APPLICANT COMPANIES AND CHARACTER OF BUSINESS**

### **A. Altice S.A.**

Altice S.A. is organized under the laws of Luxembourg and maintains its principal place of business at 3 Boulevard Royal, L-2449 Luxembourg. Altice is a publicly-traded holding company that trades on the Euronext Amsterdam exchange and, through its subsidiaries, operates as a provider of fixed and mobile voice, video and broadband services in a range of markets throughout the world, including in Western Europe (France, Belgium, Luxembourg, Portugal and Switzerland), Israel, the French Caribbean and Indian Ocean regions, and the Dominican Republic. Altice serves approximately 34.5 million subscribers world-wide and is widely recognized for its technical, managerial and operational expertise in bringing — and maintaining — innovative services to consumers, especially in highly competitive environments. The acquisition of Cequel will mark Altice's entry into the U.S. market, as neither it, nor any of its subsidiaries, currently has U.S. operations.<sup>3</sup>

### **B. Cequel Corporation**

Cequel Corporation, a Delaware corporation, maintains its principal place of business at 520 Maryville Centre Drive, Suite 300, St. Louis, MO 63141. Cequel has two principal

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<sup>3</sup> As discussed in greater detail below (see Section II), Altice's founder and Executive Chairman, Patrick Drahi, through various intermediate entities, has a controlling interest in Altice and, upon the close of the Transaction, will have a controlling interest in Cebridge CA. Mr. Drahi is an Israeli citizen with extensive experience in the telecommunications industry. See also Exhibit I for further information on Mr. Drahi's background and expertise.

shareholders, Canadian Pension Plan Investment Board (“CPPIB”), and a group of limited partnerships formed under the laws of Guernsey, U.K. and associated with BC Partners (“BC Partners Group”). Cequel provides services through various subsidiaries, including Cebridge CA, that collectively do business as Suddenlink Communications (“Suddenlink”). Suddenlink is the seventh largest cable operator in the United States, providing cable television, Voice over Internet Protocol (“VoIP”), broadband Internet access, and certain competitive telecommunications services to more than 1.5 million customers in seventeen states<sup>4</sup> including California although, as evidenced below, its California operations represent a relatively small portion of the overall business.<sup>5</sup>

**C. Cebridge CA (Cebridge Telecom CA, LLC)**

Cebridge CA, a Delaware limited liability company, maintains its principal offices at 520 Maryville Centre Drive, Suite 300, St. Louis, MO 63141. Cebridge CA is an indirect wholly-owned subsidiary of Cequel, which ultimately owns and controls 100% of the issued and outstanding equity ownership interests of Cebridge CA.<sup>6</sup>

In Decision 06-06-022, the Commission approved the Application of Cebridge CA to offer limited facilities-based and resold local exchange and interexchange telecommunications services in California, and the company was certificated with Utility number U-6996-C.

Cebridge CA currently offers those services to schools and libraries in California under the

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<sup>4</sup> Those states are Arizona, Arkansas, California, Idaho, Kansas, Kentucky, Louisiana, Mississippi, Missouri, New Mexico, Nevada, North Carolina, Ohio, Oklahoma, Texas, Virginia, and West Virginia.

<sup>5</sup> As the Commission is aware, Suddenlink entities also hold state video franchises under the Digital Infrastructure and Video Competition Act (“DIVCA”). See Franchise Nos. 0034, 0040, and 0044.

<sup>6</sup> In D. 12-11-037, the Commission approved an earlier Section 854(a) transfer of control of Cebridge CA to Cequel (fka Nespresso).

federal E-rate program. In addition, the company provides wholesale telecommunications services and point-to-point transport services to a limited number of non-residential customers. Cebridge CA offers those services in several areas of California including Eureka, Arcata, Fortuna, Blue Lake, Ferndale, Trinidad, Rio Dell, Truckee, Auburn, Foresthill, Bishop, Mammoth Lakes, Blythe, Shaver Lake and Ford Ord. Overall, Cebridge CA provides certificated telecommunications services to approximately a dozen customers and has annual intrastate revenues from these services of less than \$500,000. A copy of Cebridge CA 's 2015 Annual Report which was filed with the Commission in April 2015 is attached hereto as Exhibit A.<sup>7</sup>

**D. Correspondence**

All correspondence and communications with respect to this Joint Application should be addressed or directed as follows:

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and

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<sup>7</sup> In addition to those certificated services, Cequel's affiliates, including NPG Digital Phone, LLC, also offer VoIP services to California customers. Revenue information for all services provided by Cequel entities in California is included in Confidential Exhibit B.

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**E. Certificates of Formation, Financial Statements and Management Team**

Pursuant to Rule 2.2 of the Commission's Rules, copies of the Certificates of Formation for Cequel and Cebridge CA are attached as Exhibit C. Certificates of Good Standing for Cebridge CA issued by the Delaware and California Secretaries of State are attached hereto as Exhibit D.<sup>8</sup>

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<sup>8</sup> Cequel does not transact business in California and thus no Certificate of Status is available or required.

As noted above, Cebridge CA's Annual Report filed with the Commission in April 2015 contains its financial statements for the previous year, which are attached as Exhibit A. Cequel does not prepare reports and financial statements at the individual entity level. All operations of Cebridge CA are presented in the consolidated financial statements of Cequel Communications Holdings I, LLC, which wholly owns Cebridge CA. These financial statements are prepared in the ordinary course of business in accordance with generally accepted accounting principles. A copy of the most recent Cequel Communications Holdings I Quarterly Report for the quarter ended March 31, 2015, is attached hereto as Exhibit E. Information about the management team for Cebridge CA (and Cequel) is provided in Exhibit F.<sup>9</sup>

Copies of Altice's formation documents are attached hereto as Exhibit G. Altice transacts no business in California, and thus a Certificate of Good Standing from the California Secretary of State is not required or available. Evidence of Altice's financial qualifications is provided by a copy of Altice's most recently filed annual consolidated financial statements, covering calendar year 2014, attached hereto as Exhibit H. Information about the management team for Altice is provided in Exhibit I.

## **II. DESCRIPTION OF THE TRANSACTION**

In its simplest form as it pertains to this Application, the Transaction will result in Altice acquiring an approximately 70% controlling interest in Cebridge CA (among other Cequel

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<sup>9</sup> Cequel's current CEO Jerry Kent, is not included in Exhibit F as he is expected to depart at approximately the same time as the Transaction closes or shortly thereafter. At this time, Mr. Kent's successor has not been selected but will most assuredly bring the same level of expertise to the post-transaction company as the rest of the Cequel/Cebridge CA senior management. See e.g., Exhibit F.

subsidiaries) with the remaining approximately 30% interest held by Cequel's current shareholders. Cebridge CA will otherwise continue to operate with the dba Suddenlink under its current Commission authority and otherwise provide the same services, rates, terms and conditions to its customer base upon the transfer.

More particularly, on May 19, 2015, Cequel and Altice entered into a Purchase and Sale Agreement ("Agreement"), pursuant to which Altice will acquire 70 percent of the share capital of Cequel. A confidential copy of this agreement is attached as Exhibit J. Prior to consummation, Altice will form a new indirect wholly owned subsidiary, BidCo US,<sup>10</sup> a Delaware corporation directly wholly owned by Altice U.S. Holding II Sà r.l. ("Altice US II"). Upon completion of the proposed transaction BidCo US will hold approximately 45% of Cequel's shares acquired from Cequel's current owners in exchange for cash. At consummation, BidCo US will merge with and into Cequel, with Cequel surviving and converting equity interests in BidCo US into common shares of Cequel. In addition, upon completion of the proposed transaction, Altice US Holding I S.à r.l. ("Altice US I"), a Luxembourg private limited liability company indirectly wholly owned by Altice, will hold approximately 25% of Cequel's shares acquired from Cequel's current owners in exchange for cash. Altice US I wholly owns Altice US II and expects to contribute its equity interests in Cequel to Altice US II shortly after the Transaction is completed. The end result will be, as noted above, that Altice will indirectly hold 70 percent of Cequel's equity, with existing shareholders of Cequel retaining approximately 30 percent of the post-Transaction Cequel.

Altice's founder and Executive Chairman, Patrick Drahi, through various intermediate

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<sup>10</sup> This entity may take a different name when formed.

entities,<sup>11</sup> controls Altice through his ownership of 58.5% of the ownership interests in Altice S.A.. Mr. Drahi accordingly will hold a 40.95% ownership interest in Cequel and its subsidiaries, including Cebridge CA, upon consummation of the Transaction. In addition, existing Cequel shareholder CPPIB will hold an approximately 11.8% ownership interest in Cequel post-Transaction, and BC Partners Group, also existing shareholders, collectively will hold approximately 18.2 percent of Cequel post-Transaction.<sup>12</sup>

No other individuals or entities will hold a 10% or greater ownership interest in Cequel upon consummation of the Transaction.

For the Commission's reference, pre- and post-Transaction organization charts are provided as Exhibit K.

### **III. THE TRANSFER OF CONTROL MEETS THE SECTION 854(a) STANDARDS AND OTHERWISE PROMOTES THE PUBLIC INTEREST**

Section 854(a) requires prior authorization from the Commission before the finalization of any transaction that results in the merger, acquisition, or a direct or indirect change in control of a public utility.<sup>13</sup> The primary standard used by the Commission to determine if a proposed

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<sup>11</sup> As illustrated in Exhibit J, Mr. Drahi wholly owns UpperNext Limited Partnership Incorporated ("UpperNext"), which in turn wholly owns Next Limited Partnership Incorporated ("Next Limited"). Next Limited wholly owns Next Alt S.à r.l., which owns 58.5% of Altice S.A. UpperNext and Next Limited are Guernsey-organized entities; Next Alt S.à r.l. is a Luxembourg-organized entity.

<sup>12</sup> See D. 12-11-037 (approving the acquisition of control of Cebridge CA by Nespresso (now Cequel) and noting the initial investments in Nespresso by CPPIB and BC Partners Group).

<sup>13</sup> Neither Sections 854(b) nor 854(c) are applicable to this Application. Section 854(b) applies to transactions where one of the utilities has gross annual intrastate revenues exceeding \$500 million. Section 854(c) applies to transactions where any of the parties to the transaction have gross intrastate revenues exceeding \$500 million. As noted above, the utility at issue here, Cebridge CA's, annual revenues are approximately \$498,000 in annual intrastate revenue (see Exhibit A), far less than the \$500 million threshold. Moreover, neither Cequel Corporation nor the Altice entities that are parties to the transaction have gross California revenues that exceed \$500M. Indeed, the Altice entities that are parties to the transaction have no current operations in California, and thus have no intrastate revenue. Similarly, Cequel Corporation does no business directly in California and even assuming,

transfer should be approved under Section 854(a) is whether the transaction will be “adverse to the public interest.”<sup>14</sup> As part of its determination, and where a company acquiring control of a certificated telecommunications carrier does not possess a CPCN in California, the Commission generally applies the same requirements that govern a new applicant seeking a CPCN to exercise the type of authority held by the company being acquired; *e.g.*, financial resources and managerial expertise. As discussed in more detail below, the transfer of Cebridge CA from Cequel to Altice clearly meets, and exceeds, those standards in every way.<sup>15</sup>

As an initial matter, the Transaction is not expected to have adverse effects on, and thus will be seamless to, California customers in terms of current services, rates, terms and conditions. Cebridge CA will continue to provide services to customers under its existing CPCN. The customer service, network and operations functions that are critical to Cebridge CA’s success today will continue when the Transaction is complete. No impending changes to

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arguendo, that California revenue from this entity’s affiliates which provide non-certificated communications services (including video, broadband and VoIP) were relevant for this analysis, the total intrastate revenues from such affiliates would still fall far below the \$500,000,000 threshold under Section 854(c). See Confidential Exhibit B.

<sup>14</sup> See *Joint Application of Wild Goose Storage Inc., EnCana Corp., Carlyle/Riverstone Global Energy and Power Fund III, L.P., Carlyle/Riverstone Global Energy and Power Fund II, L.P. and Nisaka Gas Storage US, LLC for Review under Public Utilities Code Section 854 of the Transfer of Control of Wild Goose Storage Inc. from EnCana Corporation to Nisaka Gas Storage, US, LLC and for Approval of Financing under Public Utilities Code Section 851*, D.07-03-047, at 4 ) (citing *In the Matter of Qwest Communications Corporation, LCI International Telecom Corp., USLD Communications, Inc., Phoenix Network, Inc. and U S West Long Distance, Inc., and U S West Interprise America, Inc.*, D.00-06-079, 7 CPUC3d 101 at 107 (Jun. 22, 2000)).

<sup>15</sup> Although Section 854(c) is not applicable to this transaction, the proposed transfer is also consistent with the factors set forth in that section of the Code. For example, as described herein, the Transaction will maintain or improve Cebridge CA’s financial condition, quality of service, and management by giving Cebridge CA access to the operational and managerial resources of Altice; will benefit the local economy by bolstering Cequel’s strength as a competitor; and will have no effect on the Commission’s jurisdiction over Cebridge CA.

Cebridge CA's products, services, prices or terms and conditions are anticipated as a result of the Transaction; and subsequent modifications to service offerings or rates, if any, will be made in accordance with all applicable rules and laws.<sup>16</sup>

In addition, Cebridge CA will continue to be operated by highly experienced, well-qualified management, operational and technical personnel. There is no anticipated change in the daily management or operations of the company at this time.<sup>17</sup> Meanwhile, Cequel and its subsidiaries, including Cebridge CA, will have access to the operational and managerial resources of Altice. Moreover, the post-Transaction management will be able to share best practices and draw upon the substantial combined experience of their respective management teams. A brief summary of the identity and qualifications of the current management of both Cequel and Altice is attached hereto as Exhibits F and I.

As noted above, Altice is a leading provider of communications services in Western Europe, Israel, the French Overseas Territories and other regions and has an established track record of being committed to network investment and service innovation in its markets. The proposed transfer will afford Cebridge CA (and Cequel) with access to Altice's significant operational expertise, scale and capital resources, which will enable it to accelerate network expansion while maintaining a superior level of reliability and customer support.

Moreover, the proposed transfer will not diminish competition in the state in any way or otherwise reduce the number of market participants. If anything, the transaction will ensure that

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<sup>16</sup> Also, the transfer of control to Altice will not affect any commitment that Cebridge CA's affiliate may make to provide redundant interconnect facilities to the Turuk tribe as part of the construction of the communications facilities supported by the tribe's RUS grant.

<sup>17</sup> As noted above in n 9, the current Cequel/Cebridge CA CEO is expected to depart at approximately the same time as the Transaction closes or shortly thereafter.

Cebridge CA is well-placed to continue to offer competitive telecommunications services with the additional resources and support available from Altice. Finally, the Commission will retain the same regulatory authority over Cebridge CA that it currently possesses.

### **III. CEQA COMPLIANCE**

The California Environmental Quality Act (“CEQA”) applies only to “projects,” which are defined as any “activity which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.”<sup>18</sup> In contrast, CEQA does not apply where the “activity will not result in a direct or reasonably foreseeable indirect physical change in the environment.”<sup>19</sup> The CEQA Guidelines provide for an exemption “[w]here it can be seen with certainty that there is no possibility that the proposed activity in question may have a significant effect on the environment.”<sup>20</sup>

The Commission has concluded on numerous occasions that a proposed transaction which simply involves the transfer of equity interests did not require CEQA review because in such circumstances there is no possibility that granting the application would have an adverse effect on the environment.<sup>21</sup> Likewise in the present application, the proposed Transaction is not a request to construct or transfer any physical facilities, but rather involves only a change of

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<sup>18</sup> See Cal. Pub. Res. Code § 21065.

<sup>19</sup> CEQA Guidelines, § 15060(c)(2).

<sup>20</sup> CEQA Guidelines, § 15061(b)(3).

<sup>21</sup> See, e.g., D.93-11-002 at \*4 (Commission concluded that the proposed transaction did not require CEQA review, finding that “the proposed transfer will have no adverse effect or impact on the environment because the transaction involves only the transfer of outstanding shares of stock”); D.06-09-017, at 6 (Conclusions of Law No. 3) (the proposed transaction did not require CEQA review based on the Commission’s conclusion that “[s]ince Applicants will be constructing no facilities, it can be seen with certainty that there will be no significant effect on the environment”).

control of Cebridge CA through the transfer of equity interests in Cebridge CA's ultimate parent. Thus, there is no possibility that the proposed Transaction will have an adverse impact on the environment. Accordingly, pursuant to Rule 2.4 of the Commission's Rules, Joint Applicants request that the Commission make a determination that the proposed Transaction is not a project within the meaning of CEQA, California Public Resources Code, Section 21000, *et. seq.*

#### **IV. ADDITIONAL INFORMATION**

##### **A. Customer Transfer Notification**

Because Cebridge CA will continue to offer services to its customers after consummation of the Transaction, and there will be no customer transfers, no notice of transfer is required.

##### **B. Cebridge CA Certification under D.13-05-035, Ordering Paragraph 18**

As noted above, Cebridge CA is currently in good standing with the California Secretary of State and there are no pending formal Commission actions against Cebridge CA. To the best of the companies' knowledge it is in compliance with the Commission's reporting, fee and surcharge transmittal requirement, as applied to CLECs and IXC's. See Exhibit M. Cebridge CA has not previously been sanctioned by the Commission, except in D. 14-06-004 where the Commission issued an order requiring Cebridge CA, Cequel Communications Holdings, LLC and Nespresso to pay a fine of \$130,000 based on their failure to obtain CPUC approval under section 854(a) prior to closing a previous transaction. That fine was paid.<sup>22</sup>

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<sup>22</sup> In addition, although as the transferors Cebridge CA and Cequel are not required to disclose other violations of law, out of an abundance of caution, Cequel also reports the following violations by its affiliates. On January 18, 2012, the Federal Communications Commission ("FCC") issued a Notice of Apparent Liability for Forfeiture against Classic Cable, Inc., dba Suddenlink Communications ("Classic Cable"), for apparent violation of 47 C.F.R. § 17.50 by failing to clean or repaint an antenna structure in Quanah, Texas. Classic Cable paid a \$10,000 forfeiture on February 1, 2012. On April 17, 2012, the FCC issued a Notice of Apparent Liability for Forfeiture against Cebridge Acquisition, LP, for apparent violation of 47 C.F.R. §§ 76.605(a)(12) and 76.611(a)(1) by failing to prevent excessive signal leakage in Honey Grove, Texas. Cebridge Acquisition, LP, paid an \$8,000 forfeiture on

**C. Altice's Compliance Certification Per D.13-05-035, Ordering Paragraph 14<sup>23</sup>**

To the best of its knowledge, neither Altice, nor any of its officers, directors, partners, agents, or owners, including but not limited to Mr. Drahi, (directly or indirectly) of more than 10% of Altice, and no one acting in a management capacity directly for Altice,<sup>24</sup> has: (a) held one of these positions with a company that filed for bankruptcy; (b) been personally found liable, or held one of these positions with a company that has been found liable, for fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others; (c) been convicted of a felony; (d) been the subject of a criminal referral by judge or public agency; (e) had a telecommunications license or operating authority denied, suspended, revoked, or limited in any jurisdiction; (f) personally entered into a settlement, or held one of these positions with a company that has entered into settlement of criminal or civil claims involving violations of sections 17000 *et seq.*, 17200 *et seq.*, or 17500 *et seq.* of the California Business & Professions

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May 10, 2012.

<sup>23</sup> The Joint Applicants note that although the certification obligation in Ordering Paragraph 14 of D.13-15-035 references “applicants”, the Joint Applicants understand that this obligation applies to the acquiring party (i.e., Altice) and not to the acquired party (i.e., Cequel or Cebridge CA) who otherwise are required to certify that they are current on all of their Commission mandated fees and reporting requirements. See Exhibit M.

This certification is not limited to the California or Federal laws and is intended to cover potentially relevant actions, agencies and/or laws in the various jurisdictions in which Altice's subsidiaries operate during the period since those subsidiaries were acquired by Altice.

<sup>24</sup> This certification is intended to include the direct management of Altice as identified in Exhibit I. As noted above, Altice has acquired control of a number of telecommunication providers in Western Europe, the Middle East, French Polynesia and the Caribbean, and each of those has its own management team. This certification does not, and from a practical vantage point, cannot, include the operational management of those subsidiaries who do not act in a “management capacity” with respect to Altice and thus will have no control over Cebridge CA after the Transaction closes.

Code, or of any other statute, regulation, or decisional law relating to fraud, dishonesty, failure to disclose, or misrepresentations to consumers or others; or (g) been found to have violated any statute, law, or rule pertaining to public utilities or other regulated industries; or (h) entered into any settlement agreements or made any voluntary payments or agreed to any other type of monetary forfeitures in resolution of any action by any regulatory body, agency, or attorney general.<sup>25</sup>

Further, to the best of its knowledge, and except as set forth in Confidential Exhibit L, none of the Applicants, nor any affiliate, officer, director, partner, or owner of more than 10% of Applicants, or any person acting in such capacity whether or not formally appointed, is being investigated by the Federal Communications Commission or any law enforcement or regulatory agency for failure to comply with any law, rule or order.<sup>26</sup>

The other certifications required by D.13-05-035 are provided in the Sworn Affidavits attached hereto as Exhibits N and O.

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<sup>25</sup> Altice notes that it is aware of the following ongoing proceedings, stemming from a subsidiary's conduct prior to its acquisition by Altice, in which European regulatory entities have taken adverse action against the relevant subsidiary: (1) The Portuguese Competition Authority in 2008 fined PT Comunicações for an alleged abuse of a dominant position. That fine was overturned on appeal, but the Portuguese Competition Authority has pursued a further appeal, which is pending. Separately, PT Portugal Telecom SGPS is seeking annulment before the General Court of the European Union of a January 2013 decision by the European Commission regarding an alleged non-compete agreement with respect to the Iberian telecommunications markets. Altice completed its acquisition of Portugal Telecom and its subsidiaries, including PT Comunicações and PT Portugal Telecom SGPS, on June 2, 2015. (2) Altice's SFR subsidiary, which Altice acquired in November 2014, is appealing a December 2013 fine imposed by the French Competition Authority (ADLC) relating to alleged anti-competitive practices on the call termination and mobile markets.

<sup>26</sup> This statement is not intended to apply to any possible future actions taken by the FCC or the Department of Justice with respect to the soon to be initiated proceedings regarding the Altice/Cequel Transaction described above.

## **V. REQUEST FOR EXPEDITED APPROVAL AND RULE 2.1(C) SCHEDULE**

Joint Applicants respectfully request that the Commission approve this Application on an expedited basis. As noted above, the transfer of control of Cebridge CA to Altice, as well as the underlying Transaction, will have no adverse effect on any California customers. It will not result in any change in the operations, rates, terms or conditions of service, or the construction or transfer of any facilities. Moreover, Cebridge CA will continue to operate under its current certificate and name, with same basic daily management team. Cebridge CA will not need to obtain any further authority or certifications from the Commission. In short, the proposed Transaction will be seamless and transparent to Cebridge CA's California customers and exempt from environmental review under CEQA. Accordingly, Joint Applicants do not anticipate any protests to the Application and believe that the information presented is sufficient to permit the Commission to approve the proposed transfer.<sup>27</sup>

For business and financial reasons, and in order to meet an anticipated Transaction closing in the fourth quarter of 2015 (provided all regulatory approvals have been obtained), Joint Applicants seek the requisite authority to complete the Transaction as soon as possible, and accordingly propose the following schedule:

Application Filing Date	June 3, 2015
Protests and other responses to Application Due	30 days after Notice in the Daily Calendar
Replies to protests	10 days after protests, if any

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<sup>27</sup> See, e.g., Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure (allowing the Commission to waive the period for public review and comment on proposed decisions in the event that a matter is uncontested and where the decision grants the relief requested.)

Proposed Decision issued:	40 -75 days after Application filed
Commission Final Decision	Approximately 120 days after Application filed

## **VI. PROCEDURAL REQUIREMENTS**

### **A. Rule 2.1(c) Categorization and Determination of the Need for Hearings**

Joint Applicants propose that this proceeding be categorized as ratesetting. Although this Joint Application will not affect the rates of Cebridge CA's current customers, the definitions of "adjudicatory" or "quasi-legislative" as set forth in Rules 1.3(a) and 1.3(d) clearly do not apply to this Joint Application. Rule 7.1(e)(2) specifies that when a proceeding does not fall within any of the categories set forth in Rule 1.3, it should be conducted under the rules for ratesetting proceedings. In addition, Rule 1.3(e) defines ratesetting proceedings to include "[o]ther proceedings" that do not fit into any category.

The Joint Applicants further submit that they expect that hearings will be unnecessary in this proceeding and that the information included in this Joint Application should enable the Commission to "reach findings on all issues that California statutes require the Commission to address" when evaluating a Section 854(a) application.<sup>28</sup> As discussed above, the transfer of control will be seamless to Cebridge CA's customers who will otherwise enjoy the same rates and terms and conditions of service upon the close of the Transaction. Likewise, the transfer of control should in no way impair competition in the State. Accordingly, Joint Applicants do not anticipate any substantive protests regarding this Application and thus believe hearings would serve no purpose.

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<sup>28</sup> Application of Comcast Business Comm'cns, Inc. for Approval of the Change of Control of Comcast Business Comm'cns, Inc., D.02-11-025, mimeo at 36 (Nov. 7, 2002) (in approving the acquisition of AT&T Broadband by Comcast, the Commission further explained its denial of request by protesting parties that hearings were necessary stating, "the structure of this decision, which addresses each provision of the guiding and controlling statutes, demonstrates that there is no need for hearings . . .").

## **B. Rule 2.1(c) Determination of Issues to Be Considered**

The only issue raised by this Application is whether the indirect transfer of control of Cebridge CA to Altice from Cequel in the context of the Transaction meets the standards required by the Commission (i.e., transfer is not adverse to the public interest and Altice meets the qualifications to obtain a CPCN) in evaluating a Section 854(a) application.

## **C. Compliance with Procedural Requirements**

This section cross-references compliance with the Rules applicable to this Application:

<b>Rule</b>	<b>Requirement</b>	<b>Section/Exhibit</b>
2.1(a)	Legal Name and Address	I
2.1(b)	Persons to Receive Notice	I(D)
2.1(c)	Categorization/Hearing/Proposed Schedule	V, VI
2.2	Formation Agreements and Qualifications to Transact Business	I(E), Exhibits C, D, G
2.3/3.6(e)	Financial Statements	I(E), Exhibits E and H
2.4	CEQA Compliance	III
3.6(a)	Character of Business	I
3.6(b)	Description of Property	II, Exhibits J and K
3.6(c)	Reasons for Transaction	II, Exhibit J
3.6(d)	Terms of Transaction	Exhibit J
3.6(f)	Transaction Documents	Exhibit J

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## VII. CONCLUSION

For the reasons stated above, Applicants respectfully submit that the public interest, convenience, and necessity would be served by grant of this Application.

Respectfully submitted,

**CEQUEL CORPORATION  
CEBRIDGE TELECOM CA, LLC**

**ALTICE S.A.**

/s/

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Dated: June 3, 2015

## **Schedule of Exhibits**

Exhibit A	Cebridge CA 2015 Annual Report
Exhibit B	Cequel Consolidated California Revenue ( <b><u>CONFIDENTIAL</u></b> )
Exhibit C	Certificates of Formation for Cequel and Cebridge CA
Exhibit D	Certificate of Good Standing for Cebridge CA
Exhibit E	Quarterly Report of Cequel Communications Holdings I, LLC
Exhibit F	Cequel and Cebridge CA Management Team
Exhibit G	Altice Formation Documents
Exhibit H	Altice S.A. 2014 Financial Statements
Exhibit I	Altice Management Team
Exhibit J	Purchase Agreement and Disclosure Schedules ( <b><u>CONFIDENTIAL</u></b> )
Exhibit K	Pre- and Post-Transaction Corporate Organizational Charts
Exhibit L	Compliance Proceedings ( <b><u>CONFIDENTIAL</u></b> )
Exhibit M	Cequel and Cebridge CA Verification (Pursuant to D.13-05-035)
Exhibit N	Altice Affidavit (Pursuant to D.13-05-035)
Exhibit O	Drahi Affidavit (Pursuant to D.13-05-035)