

State of New York  
Public Service Commission

Joint Petition of Atlas Connectivity, LLC; Patricia L. Knapp; Shana Knapp; the Testamentary Trust for the benefit of Patricia L. Knapp Established Under the Last Will and Testament of Robin L. Knapp; SLIC Network Solutions, Inc.; Crown Point Telephone Corporation; and Crown Point Network Technologies, Inc., d/b/a Bridge Point Communication, for Authority, Pursuant to Sections 99 and 100 of the Public Service Law, to transfer and acquire Telephone Company Common Stock and Assets

CASE \_\_\_\_\_

TO THE COMMISSION:

The Petitioners named above respectfully request authority pursuant to Sections 99 and 100 of the Public Service Law (1) for Atlas Connectivity, LLC (Atlas) to directly acquire 100% of the common stock of the Crown Point Telephone Corporation (Crown Point), and indirectly 100% of the stock of Crown Point Network Technologies, Inc., d/b/a Bridge Point Communication (Bridge Point), Crown Point's wholly owned subsidiary; and (2) for SLIC Network Solutions, Inc. (SLIC), at the option of Atlas, to acquire all assets, customers, liabilities, and operations of Bridge Point.

In support thereof, it is respectfully shown as follows:

I. The Transaction

First, in Transaction A, Atlas will purchase, in an all-cash transaction, all the common stock of Crown Point from the Stock Transferors listed below.

Second, in Transaction B, at the option of Atlas, the assets, customers, liabilities, and operations of Bridge Point will be transferred to and assumed by SLIC.

TRANSACTION A: Purchase of Crown Point Common Stock

Atlas will purchase 100% of the common stock of Crown Point from the Transferors listed below. The purchase will be in cash; no financing, debt issuance, or pledging of assets will be involved.

Following the purchase, Crown Point will retain its separate corporate existence, customers, services, and operations, and become a wholly owned subsidiary of Atlas.

Diagrams of the corporate structure of the Petitioners, before and after the first transaction, are set forth in Exhibits A and B.

Corporations to be Purchased in Transaction A:

Crown Point Telephone Corporation

Crown Point is a Rural Incumbent Local Exchange Company (RLEC) operating in the Town of Crown Point in Essex County. At the end of 2023, Crown Point served approximately

481access Lines, of which approximately 38 were business lines and approximately 443 were residential lines.

#### Crown Point Network Technologies, Inc., d/b/a Bridge Point Communication

Bridge Point is a wholly owned subsidiary of Crown Point. It was issued a Certificate of Public Convenience and Necessity by this Commission on December 5, 2008, in Case 08-C-0938, with authority to provide resold long-distance service. It received an amended Certificate on January 10, 2012, in Matter No.: 11-02505, authorizing facilities-based service with local exchange authority.

Bridge Point's Certificate of Incorporation as Crown Point Technologies, Inc. was provided to this Commission as part of its Petition in Case 08-C-0938, and is incorporated herein by reference. It filed a d/b/a as Bridge Point Communication with the New York Secretary of State on February 24, 2012

Bridge Point currently serves approximately 845 customers in Essex County.

#### TRANSFERORS IN TRANSACTION

Ownership of Crown Point Stock is held as follows <sup>1</sup>:

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<sup>1</sup> The current ownership of Crown Point stock was approved in Case 22-C-0075 by operation of law effective May 8, 2022

Patricia L. Knapp	143 shares
Shana Knapp	20 shares
Testamentary Trust Established Under The Last Will and Testament of Robin L. Knapp for the Benefit of Patricia L. Knapp	80 shares

TRANSFeree IN TRANSACTION A

Atlas Connectivity, LLC

Atlas is a Delaware Limited Liability Company and a non-regulated holding company that does not provide any telecommunications services. It is wholly owned by SDC Atlas Acquisition Co., LLC.<sup>2</sup> Atlas is the direct or indirect parent of three regulated telecommunications providers in New York: Nicholville Telco, LLC (Nicholville); SLIC; and Westelcom Network, Inc. (Westelcom), as well as the owner of two small cable television operators, KVVI and HCCI.

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<sup>2</sup> See Case 22-M-0492, “Order Granting Joint Petition subject to Conditions”, Issued and Effective July 21, 2023.

SLIC and Westelcom are organized as Competitive Local Exchange Carriers operating in the northern portions of this State; Nicholville is a Rural Exchange Carrier (RLEC) operating in St. Lawrence County.<sup>3</sup>

TRANSACTION B:

Following Atlas' acquisition of all common stock of Crown Point, Atlas will indirectly own and control 100% of the common stock of Bridge Point. At the option of Atlas, which may be exercised at any point following the acquisition, for administrative, tax, and corporate considerations, the assets, customers, liabilities, and operations of Bridge Point may be transferred to SLIC. In such event, such transfer would be wholly transparent to Bridge Point customers. The services provided by Bridge Point to its customers would be either unaffected or improved, and there would initially be no change in the rates paid by customers for such services. All contracts between Bridge Point and its customers, and other telecommunications entities, would be honored by SLIC.

In the event Atlas exercises its option to transfer the assets, customers, liabilities, and operations of Bridge Point to SLIC, the transferor will be Bridge Point.

The transferee in that scenario will be SLIC.

SLIC is a New York corporation that provides telecommunications services in Northern New York. SLIC is organized as a competitive local exchange carrier (CLEC) authorized to provide facilities-based local exchange carrier and resale services pursuant to a Certificate of Public Convenience and Necessity granted in Case No. 99-C-1824 on February 16, 2000, and

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<sup>3</sup> The acquisition of Westelcom was approved by the Commission in Case 22-C-0342, "Order Granting Joint Petition Subject to Conditions", Issued and Effective May 19, 2023.

holds ETC designation pursuant to orders granted in Case No. 21-C-0212. SLIC also is authorized to provide both domestic and international service by the FCC. SLIC has expanded its advanced broadband network through the receipt of several state and federal broadband construction grants, and has been one of the most active providers of fiber-to-the home services in upstate New York. In addition to its authority to operate as a CLEC and ETC in New York, SLIC has obtained 22 Certificates of Confirmation from this Commission with respect to its Cable Franchises.

## II. PUBLIC INTEREST BENEFITS

The proposed transactions will affirmatively benefit the public interest. With respect to the acquisition of Crown Point by Atlas (Transaction A), all third-party, long-term debt of Crown Point will be paid from proceeds at closing. This includes payment of a significant Withdrawal Liability under Crown Point's NTCA Retirement Plan. Those actions, by themselves, will meaningfully reduce Crown Point's expenses and strengthen its balance sheet.

Shana Knapp will continue to be an Officer of Crown Point, and all Crown Point employees will be offered, and are expected to accept, ongoing employment. Such employment may be as employees of Crown Point, or as employees of SLIC. Such employees will not be required to relocate, and will continue to have the provision of service to Crown Point customers as their primary responsibility. Accordingly, the excellent service provided by Crown Point, as consistently demonstrated by receipt of the Commission's Service Quality Commendation Award, will continue. And further, the current, diminished staff<sup>4</sup> of seven individuals and the roles they

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<sup>4</sup> Crown Point full time staffing has decreased 42% over the past two years, from 12 individuals to 7 currently.

tirelessly fulfill will be bolstered tremendously by the more than 100 current employees of SLIC - all of whom have directly attributable skillsets and knowledge of RLEC operations.

All applicable Carrier of Last Resort, and all RLEC regulatory obligations, will be honored and maintained by Crown Point. Atlas has demonstrated, as the owner of Nicholville, that it will continue the high service quality provided by its subsidiaries following their acquisition.<sup>5</sup>

As members of the Atlas Family, both Crown Point and Bridge Point will have access to the financial, technical, network, and managerial resources of all Atlas affiliates. Arrangements may include shared resources and administrative services, which will serve to bolster support, increase efficiency and allow cost reduction for the services provided to Crown Point and Bridge Point customers.

Rural ILECs are often, as is the case here, not able to take advantage of economies of scale, and separation and isolation of service territories often precludes the sharing of personnel, facilities, and resources. However, with the resources of Atlas and its affiliates being made available to Crown Point, it will be possible to draw on the strengths of each employee group, such as executive, technical, accounting, and marketing, without having to inefficiently duplicate areas of expertise.

This Commission has recognized that many difficulties face small RLEC's in this state, especially those operating in rural areas. These include increasing operating costs; restructure of industry

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<sup>5</sup> Nicholville has received the Commission's service Quality Commendation for the preceding 24 consecutive years.

compensation mechanisms (including loss of carrier access and reciprocal compensation revenues); loss of traditional sources of funding; absence of large commercial customers; the high cost of building facilities in sparsely populated rural areas; and a continued loss of customers to competitors and “cord cutting”. The result has been both a weakening of financial results and an inability to economically invest in the business and deploy the latest technologies and services.

As Commission Staff has recognized:

“The weakening of the financial position of New York’s small ILEC’s may threaten their ability to continue to provide reliable, quality service throughout their service territories and puts New York’s goal of universal service at risk.”

Memorandum from Peter McGown, General Counsel; Doris Stout, Director, Office of Accounting and Finance; and Chad Hume, Director, Office of Telecommunications Re: Guidelines for Regulatory Review of Mergers and Acquisitions of Small Incumbent Local Exchange Companies, January 24, 2012, (hereinafter, Staff Memo), at Page 3.

The acquisition of Crown Point (and Bridge Point) by Atlas will allow the sharing of financial, technical, and managerial resources, and increase the economies of scale for both companies. As the Staff Memo recognizes (at Page10):

“Another factor for consideration is the economies of scale that an acquirer would bring to the transaction. Economies of scale describe the cost advantages due to the expansion of a business where costs decline as production increases. To put this in the context of the small ILEC industry, the administration and maintenance of one small ILEC can be relatively costly on a per access line basis. If several ILEC’s combine, the administration and maintenance functions are largely redundant; and costs may be reduced through consolidation. Thus, by providing economies of scale the transaction may present opportunities and the potential for long term viability post-transaction.”

And, as a matter of policy, the acquisition of Crown Point by Atlas, which already owns Nicholville, will further the Commission’s “general preference of encouraging consolidation within the ILEC industry”. See Case 14-C-0308, “Order Approving Transfer of Control with Conditions”, (Brick Skirt with DFT Telephone Holding Company), issued December 12, 2014, at Page 10.

With respect to the potential transfer of the assets, customers, liabilities, and operations of Bridge Point to SLIC (Transaction B), the same public interest benefits will apply.

Both SLIC and Bridge Point are lightly regulated competitive carriers (CLECs). Rather than have two separate entities providing comparable services to separate customer bases, combining operations into one carrier and one customer base will improve efficiency, provide economies of scale, and lower costs. Both Bridge Point and Crown Point are in critical need of

additional human capital to support their collective operations and will benefit tremendously from the additional SLIC staffing as a result of this transaction.

Should Atlas determine to combine the customers and services of Bridge Point and SLIC, proper notice will be given to Bridge point customers. There are no current plans to reduce the services currently available to current Bridge Point customers, or increase the corresponding current prices therefor.

### III. Provision of Required Financial Information

The financial information for Crown Point, and the acquisition of Crown Point stock, required by Parts 18, 31, and 39 of the Commission's Rules, is being submitted as Confidential / Trade Secret material to the Commission's Records Access Officer.

With respect to SLIC and Bridge Point, both of which are non-dominant competitive CLEC's, consistent with prior Commission practice the provision of detailed financial information is not required. *See* Case 92-C-1218, Petition of Teleport Communications Group, *et al.*, Order Approving Petition (issued and effective April 13, 1993), and subsequent cases.

#### IV. Conclusion

As set forth herein, and the exhibits hereto, together with all further information in the Commission's files relating to the Petitioners, the transactions proposed herein affirmatively advance the public interest, and should be expeditiously approved at the Commission's first opportunity.

#### V. Requested Relief

WHEREFORE, Petitioners respectively request the Commission issue an Order, at its first opportunity, authorizing the following:

1. Direct acquisition of all common stock of Crown Point Telephone Corporation by Atlas Connectivity, LLC.
2. Indirect acquisition of all common stock of Crown Point Network Technologies, Inc., d/b/a Bridge Point Communication by Atlas Connectivity, LLC.
3. At the option of Atlas, transfer of all assets, customers, liabilities, and operations of Crown Point Network Technologies, Inc., d/b/a Bridge Point Communication to SLIC Network Solutions, Inc.
4. Granting such further consents, authorizations, and relief as may be necessary to effectuate the transactions described herein.

Respectfully submitted,

Petitioners Listed Above

By: Keith J. Roland, Their Attorney

*/s/ Keith J. Roland*

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Dated: Albany, New York  
April 8, 2024