



**COMMONWEALTH OF PENNSYLVANIA**  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
COMMONWEALTH KEYSTONE BUILDING  
400 NORTH STREET  
HARRISBURG, PENNSYLVANIA 17120

November 21, 2025

Docket No. A-2025-3056888

Catherine G. Vasudevan  
Morgan, Lewis & Bockius LLP  
2222 Market Street  
Philadelphia, PA 19103-3007

Re: Joint Application of SDC GP Manager, LLC, SDC Capital Partners GP LLC, and SQF, LLC for Approval of a General Rule Transaction Involving a Corporate Restructuring

Dear Ms. Vasudevan:

On August 13, 2025, SDC GP Manager, LLC (SDC GP Manager), SDC Capital Partners GP LLC (Manager GP) and SQF, LLC (SQF) (collectively, the “Joint Applicants”) filed a joint application pursuant to Section 1102(a) of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1102(a), the Pennsylvania Public Utility Commission (Commission) Policy Statement on Utility Stock Transfers at 52 Pa. Code § 69.901, and the Commission's regulations on Abbreviated Procedures for Review and Approval of Transfer of Control for Telecommunications Public Utilities at 52 Pa. Code §§ 63.321-63.325. The Joint Applicants are seeking approval of transactions that will introduce new intermediate parents in the chain of SQF’s ownership, without changing its ultimate ownership and control. Specifically, the transactions will (1) insert multiple intermediate holding companies as direct and indirect owners of SQF and (2) interpose a new intermediate ownership structure between the ultimate controlling parties in SDC DIOF I GP, LLC (SDC Fund I GP), the general partner of SDC Digital Infrastructure Opportunity Fund I, LP (SDC Fund I), the investment fund that indirectly holds the equity interests in SQF, and SDC Fund I GP (the “Transaction”). The joint application qualifies as a general rule transaction under 52 Pa. Code § 63.324(a)(2) because the proposed Transaction will result in the transfer of 20% or more of the direct or indirect control of SQF.

Pursuant to 52 Pa. Code § 5.14, relating to applications requiring notice, the Commission published notice of the proposed general rule transaction in the *Pennsylvania Bulletin* (55 Pa.B. 6387) on August 30, 2025, with a protest period ending September 15, 2025. Additionally, the Joint Applicants served copies of the joint application upon the Office of Small Business Advocate, the Office of Consumer Advocate, the Office of Attorney General, and the Commission’s Bureau of Investigation and Enforcement. No protests or comments have been received. Per our regulations at

52 Pa. Code § 63.324(k)(5), a letter was sent on November 10, 2025, extending the consideration period of the above-referenced filing until further order of the Commission.

SQF, utility code 3117815, is a Delaware limited liability company with its principal office at 16 Middle Street, 4th Floor, Portland, Maine 04101. In Pennsylvania, SQF is authorized to provide telecommunications service as a Competitive Access Provider statewide pursuant to a certificate of public convenience granted by the Commission on December 30, 2015 at Docket No. A-2015-2490501.

SQF is majority owned (70%) by SDC Tilson Investor, LLC (SDC Tilson),<sup>1</sup> a Delaware limited liability company with a principal office at 817 Broadway, 10th Floor, New York, New York 10003. SDC Tilson in turn is wholly owned by SDC Fund I, a fund managed by SDC Capital Partners, LLC (SDC Capital), a New York City-based private investment firm focused on information technology and communications infrastructure.

The general partner of SDC Fund I is SDC Fund I GP, a Delaware limited liability company with a principal office located at 817 Broadway, 10th Floor, New York, New York 10003. The manager of SDC Fund I GP is SDC GP Manager. Todd Aaron, a U.S. citizen and founding partner of SDC Capital holds 100% of the membership interests in SDC GP Manager.

SDC Capital Partners GP Holdings, LP (GP Holdings) and SDC Capital Partners GP Holdings Parent, LP (GP Holdings Parent) are Delaware limited partnerships with their principal offices located at 817 Broadway, 10th Floor, New York, New York 10003. The Joint Applicants state that GP Holdings and GP Holdings Parent do not, and will not, provide telecommunications services, but were formed for the purpose of the proposed Transaction.

Mr. Aaron and Douglas Kaden, who is also a U.S. citizen and managing partner of SDC Capital, own GP Holdings Parent through a series of personal and family holding entities. GP Holdings Parent is controlled by SDC Capital Partners GP, LLC (SDC GP), its sole general partner. SDC GP is a Delaware limited liability company with a principal office located at 817 Broadway, 10th Floor, New York, New York 10003. SDC GP does not, and will not, provide telecommunications services. Mr. Aaron holds 51% of the voting interests in SDC GP, while Mr. Kaden holds the remaining 49% of the voting interests in SDC GP.

The Joint Applicants state that SDC Capital is undertaking an internal Transaction for tax and business efficiency purposes that will establish a new intermediate ownership structure between Todd Aaron, Douglas Kaden, and SDC Fund I GP, the general partner of SDC Fund I that controls the investment fund that has majority ownership of SQF.

---

<sup>1</sup> The Commission approved a transfer of control application of SQF to SDC Tilson on July 22, 2019 at Docket No. A-2019-3009186.

Currently and as noted above, SQF is owned and controlled by SDC Fund I. SDC Fund I's general partner is SDC Fund I GP, which in turn is controlled by SDC GP Manager with Todd Aaron wholly owning SDC GP Manager. As part of the Transaction, Mr. Aaron will no longer hold direct interests in SDC Fund I GP or SDC GP Manager. Instead, these interests will be indirectly transferred to GP Holdings which will be the sole member of SDC GP Manager and a member of SDC Fund I GP. SDC GP Manager will remain the managing member of SDC Fund I GP. Mr. Kaden and Mr. Aaron's interests (held through their personal holding entities) will be held in GP Holdings Parent and in SDC GP, the sole general partner of both GP Holdings and GP Holdings Parent. Mr. Aaron will hold a 51% voting interest in SDC GP, and Mr. Kaden will hold a 49% voting interest in SDC GP, thus acquiring an indirect minority interest in both SDC GP Manager and SDC Fund I GP.

In addition, the Transaction is expected to involve the insertion of multiple Delaware limited liability companies into SQF's ownership structure. The anticipated new holding companies will directly and indirectly own 100% of the ownership interests in SQF and will be owned by the current owners of SQF.<sup>2</sup>

The Joint Applicants aver that the Transaction is in the public interest because it involves only the insertion of new intermediate holding entities in the ownership chain of SQF and the general partner of the investment fund that holds a majority of the ownership of SQF. Therefore, the Transaction will not result in any change in SQF's management, services or its operations and will not change day to day working control of SQF, which will continue to be overseen by its existing management team. Additionally, the telecommunications services provided by SQF along with the rates, terms and conditions of those services will not change as a result of the Transaction. The Joint Applicants claim that SQF's Pennsylvania customers will not be affected in any way by the Transaction because SQF will continue to have the same requisite managerial, technical and financial capabilities to provide quality communications services and that Pennsylvania customers will receive the same full range of products and services that they received prior to the Transaction at the same prices and under the same terms and conditions.

The Joint Applicants further assert that the Transaction will provide SQF with additional operational flexibility and make its operations more efficient, which will benefit its customers through the services SQF provides.

In addition to Pennsylvania, the Joint Applicants filed requests for approval of the Transaction with the following state commissions: California, Indiana, Louisiana, Maryland, Nebraska, New Jersey, New York, Texas, and Virginia. The Joint Applicants verify that no application has been filed with the FCC or the Department of Justice, nor

---

<sup>2</sup> See Exhibit A of the joint application for pre and post-Transaction ownership charts that more clearly illustrate the effects of the Transaction.

does the Transaction involve any foreign interests. The Joint Applicant state that there are currently no conditions under consideration, imposed, or agreed to regarding the Transaction in any jurisdiction.<sup>3</sup>

The Joint Applicants assert that there are no Pennsylvania-specific impacts resulting from the proposed Transaction. The Joint Applicants explain that the proposed Transaction involves the insertion of new intermediate holding entities in the ownership chain of SQF and the general partner of the investment fund that holds a majority of the ownership of SQF and that SQF will continue to operate without interruption. Therefore, no synergies from the Transaction are expected.<sup>4</sup> The Joint Applicants aver that the Transaction will be a transparent and seamless process for its customers.

The Joint Applicants do not expect the Transaction to result in the loss of any Pennsylvania-based jobs, tax revenues, facilities, downsizing or consolidation. The Joint Applicants further aver that they do not expect that any functions, operations, or activities currently performed in or affecting Pennsylvania will be impacted as a result of the Transaction and there are no plans to eliminate operations or reduce Pennsylvania employment in connection with the Transaction.<sup>5</sup>

The Joint Applicants also claim that the Transaction will not harm competition, contending that numerous competitors to SQF operate within the Pennsylvania marketplace, including but not limited to: Verizon, AT&T, T-Mobile, Consolidated Communications, Crown Castle Fiber, Lumen, Uniti, Segra, Zayo, and Extenet.<sup>6</sup>

The Joint Applicants verify that the Transaction falls into the general rule category under 52 Pa. Code § 63.324(a)(2) because the proposed Transaction will result in the transfer of 20% or more of the direct or indirect control of SQF.

The Joint Applicants claim that the Transaction will not impact their affiliated interest agreements or tariffs, nor will it negatively impact their capital structures or require any type of informal or formal investigation, complaint, or proceeding.

The Joint Applicants further submit that they do not have eligible telecommunications carrier status under federal and state law, are not subject to any broadband deployment commitments under federal or state law, and that the Transaction complies with the prohibition against cross-subsidization imposed under federal and state law.

The Commission has determined that SQF is current with its annual Financial Reports, Security Planning and Readiness Self-Certification Reports, and Universal Service Fund payments, and that there are no outstanding Commission fines, fees, or assessments due.

---

<sup>3</sup> See Response to Staff Inquiries for Review of the Transactions, September 22, 2025, Item Nos. 4-5 & 15-17.

<sup>4</sup> See Response to Staff Inquiries for Review of the Transactions, September 22, 2025, Item Nos. 6-7.

<sup>5</sup> See Response to Staff Inquiries for Review of the Transactions, September 22, 2025, Item Nos. 8 & 10.

<sup>6</sup> See Response to Staff Inquiries for Review of the Transactions, September 22, 2025, Item No. 14.

As required by the Code at 66 Pa. C.S. §§ 1102(a) and 1103 and the Commission's regulations at 52 Pa. Code § 63.324(k)(1), we find that the record sufficiently supports the Joint Applicants' claim that the proposed Transaction is in the public interest. The Transaction will be seamless and transparent to customers, with telecommunications services continuing at the same rates, terms, and conditions of service. Further, the Joint Applicants have identified and expect no negative impact on Pennsylvania customers as a result of the Transaction. Therefore, for the reasons advanced by the Joint Applicants, we conclude that the record provides substantial evidence of affirmative public benefits sufficient to warrant approval of the proposed transaction.<sup>7</sup>

We also find that the Transaction will not harm competition, as there are numerous competitive options available to customers, with a number of other providers who offer similar services as the Joint Applicants in the same geographic locales within Pennsylvania. The Commission's approval enhances the Joint Applicants' ability to compete in Pennsylvania without harm to consumers or Pennsylvania markets as required under the Code at 66 Pa. C.S. §§ 1102(a) and 1103 and the Commission's regulations at 52 Pa. Code § 63.324(k)(3).

Therefore, we conclude that the Transaction is necessary or proper for the service, accommodation, convenience, or safety of the public, and the Commission will issue a certificate of public convenience authorizing the Transaction as required by the Code at 66 Pa. C.S. §§ 1102(a) and 1103 and the Commission's regulations at 52 Pa. Code § 63.324(k)(2).

However, there is risk to Pennsylvania in approving this general rule transaction in advance of the remaining jurisdictions, which may impose conditions that could jeopardize the Joint Applicants' averments to Pennsylvania upon which this approval is based. For this reason, in the event the Joint Applicants and/or their non-Pennsylvania subsidiaries and affiliates agree to or accept resolution of this or a related pending transaction from another jurisdiction in which that jurisdiction obtains or imposes any condition(s) on or commitment regarding this and/or a related pending transaction, the Joint Applicants shall, within 10 days of such agreement or acceptance, provide notice of the condition(s), including a copy of the relevant jurisdictional action, to Pennsylvania by letter to the Secretary with a copy to the Commission's Director, Bureau of Technical Utility Services (TUS). In the notice, the Joint Applicants shall offer to Pennsylvania their agreement to or acceptance of the same condition(s), or reasonably comparable condition(s) for Pennsylvania, as appropriate. The Commission will act upon the notice

---

<sup>7</sup> We believe the record shows that the Transaction satisfies the necessary or proper standard under Section 1103 of the Code and provides affirmative public benefits consistent with *City of York v. Pa. PUC*, 295 A.2d 825 (Pa. 1972) (*City of York*), and *Irwin A. Popowsky v. Pa. PUC*, 937 A.2d 1040 (Pa. 2007) (*Popowsky*). The Commission retains general authority to impose conditions upon approval of a transaction as codified in the Public Utility Code at 66 Pa. C.S. § 1103. “[E]ven where the [Commission] finds benefit in the first instance, Section 1103(a) also confers discretion upon the agency to impose conditions which it deems to be just and reasonable.” *Popowsky*, 937 A.2d at 1057, n.21. This includes authority to impose conditions upon approval of a general rule or a *pro forma* transaction, in accordance with Sections 63.324(h)(4) and 63.325(h)(4) of our regulations at Title 52 of the Pennsylvania Code.

as expeditiously as possible. If the Joint Applicants do not agree with this provision, the Commission shall immediately be notified in writing by letter to the Secretary with a copy to TUS. Upon such notice, the Joint Applicants are advised pursuant to Sections 703(g) and 1103 of the Code, 66 Pa. C.S. §§ 703(g), 1103, that this Secretarial Letter approving the proposed Transaction shall be immediately rescinded and of no effect; and, in accordance with the Code and our regulation at 52 Pa. Code § 63.324(k)(5), Commission review of the proposed Transaction shall be extended for a further opportunity for the Joint Applicants to be heard and for further consideration by the Commission as necessary and appropriate to protect the public interest.

In summary, we find that the joint application should be approved as a general rule transaction under Section 63.324 of the Commission's regulations as requested and that a certificate of public convenience be issued to SQF, LLC evidencing our approval of the general rule transfer of control. Therefore, the Commission directs the Joint Applicants to file notice with the Commission within thirty days (30) upon consummation of the transaction. If the Joint Applicants determine that the transaction will not occur, they shall promptly notify this Commission.

BY THE COMMISSION,



Matthew Homsher,  
Secretary

cc: Parties of Record