



Agenda Date: 8/20/14
Agenda Item: IA

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

TELECOMMUNICATIONS

IN THE MATTER OF VERIFIED PETITION OF BLOCK) ORDER
LINE SYSTEMS, LLC FOR AUTHORIZATION TO)
PROVIDE RESOLD AND FACILITIES-BASED LOCAL)
EXCHANGE, EXCHANGE ACCESS AND)
INTEREXCHANGE TELECOMMUNICATIONS)
SERVICES IN THE STATE OF NEW JERSEY) DOCKET NO. TE14070751

Parties of Record:

Dennis C. Linken, Esq., Scarinci & Hollenbeck, LLC, for Petitioner
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

Pursuant to N.J.S.A. 48:2-1 et seq. and Section 253 of the Federal Telecommunications Act of 1996, 47 U.S.C. § 151 et seq., and by letter dated July 17, 2014, Block Line Systems, LLC (“Petitioner” or “BLS”) filed a verified Petition with the New Jersey Board of Public Utilities (“Board”) requesting authority to provide both resold and facilities-based local exchange, exchange access and interexchange telecommunications services in the State of New Jersey. Petitioner has submitted its financial information under seal and has filed a sworn affidavit with substantiation for confidential treatment in accordance with the Board’s rules for determining confidentiality, N.J.A.C. 14:1-12 et seq. and in compliance with the Open Public Records Act, N.J.S.A. 47:1A-1 et seq.

BLS’ is a privately held limited liability company organized under the laws of the State of Ohio and is a wholly-owned subsidiary of Block Communications, Inc. (“BCI”), a multi-media corporation operating, full-service television stations, low-power television stations, newspapers and cable television systems. While BCI is not a carrier, its wholly-owned subsidiary and an affiliate of BLS, Buckeye TeleSystem, Inc., provides competitive local exchange carrier services in Ohio and Michigan and resold domestic and international interexchange services. BLS’ principal offices are located at 405 Madison Avenue, Suite 2100, Toledo, Ohio 43604.

On July 17, 2014, BLS filed a separate petition concurrently with the petition for authority under Docket No. TM14070752 requesting the Board’s approval to acquire certain assets, including customer accounts and contracts and telecommunications equipment, of Line Systems, Inc. (“LSI”), Magellan Hill Technologies, LLC (“MHT”) and Infinite Communications, LLC (“IC”)

(collectively, "Assignors") through a sale and transfer (the "Transaction") pursuant to a certain Asset Purchase Agreement dated June 26, 2014, by and among BCI and the Assignors. The Assignors, LSI, MHT and IC, are currently authorized to provide local exchange and interexchange telecommunications service in New Jersey pursuant to Board Orders dated January 10, 2002, Docket No. TE00080619; July 21, 2006, Docket No. TE06050303; and August 1, 2007, Docket No. TE07020139, respectively. Petitioner requests that the Board approve the above Transaction upon approval of its petition for authority. The Petitioner does not currently provide telecommunications services in New Jersey or hold any authorization to do so, but is seeking such authorization as is necessary so that BLS can continue to provide the same services as Assignors' customers currently receive from Assignors.

Petitioner has submitted copies of its Certificate of Organization from the State of Ohio and its New Jersey Certificate of Authority to Operate as a Foreign Limited Liability Company. Petitioner is in the process of obtaining authority to provide intrastate telecommunications services in various states and the District of Columbia where Assignors provide telecommunications services. Petitioner states that it has not been denied authority to provide telecommunications services, its authority has not been revoked in any jurisdiction, and it has not been the subject of any civil or criminal proceedings. Petitioner has not yet entered into or requested an interconnection/resale agreement in New Jersey, but where necessary for the provision of service has made arrangements with underlying carriers to assume the existing interconnection/resale agreements of Assignors. Petitioner is also evaluating other existing interconnection agreements where BLS may choose to OPT-IN if appropriate.

Petitioner seeks authority to provide both resold and facilities-based local exchange, exchange access and interexchange telecommunications services to business customers in the State of New Jersey. Petitioner intends to provide the same services to business customers that Assignors currently provide to their customers. These services include, but are not limited to, basic local exchange services and various ancillary services such as custom calling features, dedicated internet protocol enabled, integrated voice and data services, private line and other non-voice services. As stated above, upon approval of its petition for authority, Petitioner will purchase the assets and operations of Assignors and will operate the business as it is currently configured as opposed to constructing any new facilities. Petitioner's network will primarily consist of leased facilities provided by other carriers, but where appropriate it may deploy its own facilities. Petitioner intends to provide telecommunications services to and from all points in the State of New Jersey that are currently open, and that become open, to competition. Petitioner does not intend on providing any prepaid month-by-month service to credit challenged subscribers in New Jersey. Petitioner maintains a toll-free number for customer service inquiries. Petitioner will file an initial tariff with the Board which will mirror the existing tariffs of Assignors except for the name and address of the company.

Petitioner requests a waiver of N.J.S.A. 48:3-7.8 and N.J.A.C. 14:1-4.3, which require that books and records be kept within the State of New Jersey and be maintained in accordance with the Uniform System of Accounts ("USOA"), respectively. Petitioner, instead, requests permission to maintain its books and records in accordance with Generally Accepted Accounting Principles and to keep all books, records, documents and other writings incident to the conduct of Petitioner's business in the State of New Jersey at Petitioner's corporate offices located in West Chester, Pennsylvania.

By letter dated July 31, 2014, the New Jersey Division of Rate Counsel submitted comments with the Board stating that, based on its review, "Rate Counsel is satisfied that the Verified Petition meets the regulatory requirements and is consistent with the public interest, convenience, and necessity." Id. at 2. Accordingly, Rate Counsel does not oppose a grant of

authority or approval of Petitioner's request to provide telecommunications services in New Jersey. Id. at 3. In addition, Rate Counsel does not object to a grant of the waivers requested by Petitioner, nor does Rate Counsel oppose Petitioner's request to treat its financial information as confidential and placed under seal. Id. at 2.

DISCUSSION

On February 8, 1996, the Federal Telecommunications Act of 1996, P.L. 104-104, 110 Stat. 56, codified in scattered sections of 47 U.S.C. § 151 et seq., was signed into law, removing barriers to competition by providing that "[n]o State or local statute or regulation, or other State or local legal requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunications service." 47 U.S.C. § 253(a).

Any grant of authority is subject to the right of the Board as the state regulatory authority to impose requirements necessary to protect the public safety and welfare, ensure the continued quality of telecommunications services, and safeguard the rights of consumers. 47 U.S.C. § 253(c).

In considering this Petition, the Board recognizes its obligation not to prohibit entry into intrastate telecommunications markets of qualified applicants. 47 U.S.C. § 253(a). The Board also considers the New Jersey State Legislature's declaration that it is the policy of the State to provide diversity in the supply of telecommunications services and the Legislature's findings that "competition will promote efficiency, reduce regulatory delay, and foster productivity and innovation" and "produce a wider selection of services at competitive market-based prices." N.J.S.A. 48:2-21.16(a)(4); N.J.S.A. 48:2-21.16(b)(1) and (3).

Therefore, having reviewed BLS' Petition and the information supplied in support thereof, the Board **FINDS** that the Petitioner is in compliance with the Board's filing requirements to provide telecommunications services in New Jersey. Accordingly, the Board **HEREBY AUTHORIZES** the Petitioner to provide local exchange, exchange access and interexchange telecommunications services in the State of New Jersey. Pursuant to N.J.A.C. 14:3-1.3(a), the Board notes that the Petitioner will not be permitted to provide telecommunications services until a tariff is filed with the Board. Additionally, Petitioner is not relieved from its responsibility to file an Annual Report and a Statement of Gross Intrastate Revenues from Operations form for the preceding calendar year.

Furthermore, the Board **FINDS** that in accordance with N.J.S.A. 48:2-59 and 48:2-60 and N.J.S.A. 52:27EE-52, the Petitioner is subject to an annual assessment by both the Board and the Division of Rate Counsel, respectively.

The Board **HEREBY ORDERS:**

- 1) Petitioner shall file its tariff with the Board.
- 2) Pursuant to N.J.S.A. 48:2-16(2)(b) and N.J.A.C. 14:3-6.3, Petitioner shall file an annual report as of December 31 of each year, which is due on or before March 31 of the following year. Pursuant to N.J.S.A. 48:2-16.3, if Petitioner fails to file an annual report by the due date, Petitioner shall be subject to a penalty of \$5.00 for each day thereafter until such report is filed.

- 3) Pursuant to N.J.S.A. 48:2-62, Petitioner shall file a statement of gross intrastate revenues from operations form (AR3-1) as of December 31 of each year, which is due on or before June 1 of the following year.

On or before February 1 of each year, the Petitioner will receive from the Division of Audits an annual report package and a Statement of Gross Intrastate Revenues from Operations form for the preceding calendar year. The purpose of these documents is to report the Petitioner's financial information and gross intrastate revenues from operations as of December 31 of each year. The annual report and a statement of gross intrastate revenues from operations form are due on or before March 31 and June 1 of the following year, respectively. If Petitioner does not receive these documents, it is Petitioner's responsibility to obtain them from the Board. It is also the Petitioner's responsibility to ensure timely filing of these reports.

Regarding the Petitioner's request for waivers of the Board rules, the Board **FINDS** that the Petitioner has demonstrated good cause why the Board should grant relief from its requirements that the Petitioner maintain its books and records in accordance with USOA and within New Jersey. Therefore, subject to the Petitioner's continuing responsibility to provide the Board books and records upon 48 hours' notice, and in the manner requested, and to pay to the Board all expenses or charges incurred by the Board for any investigation or examination of these books and records, the Board **APPROVES** the Petitioner's request for the exemptions from maintaining its books and records in accordance with USOA and in New Jersey.

This Order shall be effective September 1, 2014.

DATED: 8/20/14

BOARD OF PUBLIC UTILITIES
BY:

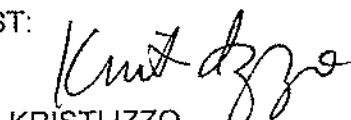

DIANNE SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER

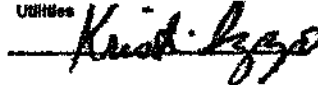

JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



IN THE MATTER OF VERIFIED PETITION OF BLOCK LINE SYSTEMS, LLC FOR
AUTHORIZATION TO PROVIDE RESOLD AND FACILITIES BASED LOCAL EXCHANGE,
EXCHANGE ACCESS AND INTEREXCHANGE TELECOMMUNICATIONS SERVICES IN THE
STATE OF NEW JERSEY - DOCKET NO. TE14070751

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