



State of Utah  
Department of Commerce  
Division of Public Utilities

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**MEMORANDUM**

**To:** Public Service Commission

**From:** Division of Public Utilities  
Philip Powlick, Director  
Bill Duncan, Telecommunications / Water Manager  
Ron Slusher, Utility Technical Consultant

**Date:** May 13, 2010

**Re:** In the Matter of the Joint Application of MegaPath Inc., DSLnet Communications, LLC and CCGI Holding Corporation, Inc. For Approval of the Indirect Transfer of Control of DSLnet Communications, LLC. Docket No. 10-2257-01.

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**RECOMMENDATION (Approve):**

The Division has reviewed the joint application submitted by MegaPath Inc. ("MegaPath"), DSLnet Communications, LLC ("DSLnet") and CCGI Holding Corporation, Inc. ("CCGI") for approval of the indirect transfer of control of DSLnet to CCGI and believes that the public interest will be promoted by allowing this transfer of control from DSLnet to CCGI.

**EXPLANATION:**

On April 30, 2010, MegaPath, DSLnet and CCGI filed a joint application transfer the indirect control of DSLnet from MegaPath to CCGI. The Division reviewed the application and found the following:

MegaPath is a Delaware corporation with its principal office located at 555 Anton Boulevard, Suite 200, Costa Mesa, CA 92626. MegaPath is the parent company of DSLnet and is a provider of a variety of managed Internet Protocol services including cable and satellite system broadband Internet access, mobility services such as digital certificates, global remote access, personal firewalls, and remote access virtual private networks, and security services. MegaPath does not currently offer any regulated telecommunications services and therefore does not hold any telecommunications authorizations from the FCC or any state regulatory authority.

DSLnet is a Delaware limited liability company with principal offices located at 50 Barnes Park North, Suite 104, Wallingford, Connecticut 06492. DSLnet provides high-speed access to the Internet services. DSLnet is authorized to provide intrastate telecommunications services in 47 states and the District of

Columbia, and DSLnet's affiliate DSLnet Communications VA, Inc. is authorized to provide intrastate telecommunications services in Virginia. DSLnet is authorized to provide public telecommunications services within the state of Utah, excluding those local exchanges of less than 5,000 access lines of incumbent telephone corporation with fewer than 30,000 access lines in the state, pursuant to a Certificate issued by the Commission in Docket No. 99-2275-01 on July 14, 1999. DSLnet is also authorized by the Federal Communications Commission to provide international and domestic interstate telecommunications services as a non-dominant carrier.

CCGI is a Delaware corporation with offices located at 360 North Crescent Drive, Beverly Hills, California 90210. CCGI is the parent company of Covad Communications Group, Inc. ("Covad"), a Delaware corporation that owns Covad Communications Company, a California corporation, and DIECA Communications, Inc. ("DIECA"), a Virginia corporation. CCGI is ultimately controlled by Platinum Equity LLC ("Platinum"). Neither CCGI nor Platinum offer any regulated telecommunications services. Platinum is a privately held Delaware limited liability company with offices located at 360 North Crescent Drive, Beverly Hills, California 90210. Platinum is a global firm specializing in the merger, acquisition and operation of companies that provide services and solutions to customers in a broad range of business markets, including information technology, telecommunications, logistics, manufacturing, and entertainment distribution. Platinum indirectly controls several other telecommunications carriers: Matrix Telecom, Inc. and Americatel Corporation. Matrix Telecom provides integrated communications services including local, 1+ long distance and toll-free voice services plus a wide range of data services, such as dedicated Internet access, frame relay and point-to-point transmission services, chiefly to enterprise customers. Americatel Corporation provides international and domestic facilities-based and resold long distance services, in each of the 48 contiguous states, with a particular emphasis on serving the needs of United States customers with connections to Latin America and the Caribbean.

The applicants submit that the transaction described herein will serve the public interest and that the proposed transaction will provide, in particular, (1) increased competition in the Utah telecommunications market by reinforcing the status of DSLnet as a viable competitor and (2) the proposed transaction will be virtually transparent to Utah consumers. Following the proposed transaction, DSLnet will continue to offer service with no change in the rates or terms and conditions of service. DSLnet will continue to provide service to its customers under the same name, and will continue to be led by an experienced management team. The applicants state that the transfer of control of DSLnet will be seamless and virtually transparent to consumers in Utah. The Division believes that having choice in providers offers the consumer adequate protection, and therefore recommends approval of the application.

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