



State of Utah
Department of Commerce
Division of Public Utilities

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MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Bill Duncan, Telecommunications / Water Manager
Ron Slusher, Utility Technical Consultant

Date: May 28, 2013

Re: In the Matter of the Joint Application of TNCI Operating Company LLC, Assignee, and Trans National Communications International, Inc. (Debtor-In-Possession), Assignor, for (1) Approval for Assignee to Acquire the Customers and Certain Assets, Including the Certificate of Public Convenience and Necessity, of Assignor and (2) Waiver of Utah Code Ann. § 54-8b-18 and Commission Rule R746-349-5. Docket Number 13-2431-01.

RECOMMENDATION (Approve):

The Utah Division of Public Utilities (“Division”) has reviewed the joint application between of TNCI Operating Company LLC, (“TNCI”) and Trans National Communications International, Inc. (“Trans National”) and believes that the transfer of control is in the public interest. As a result of the acquisition, the TNCI will be able to provide the telecom services that were being provided by Trans National without interruption to the current customers.

The Division has also reviewed the technical, managerial, and financial abilities of the TNCI and has found that they have provided the necessary information to fulfill the requirements as stated in the existing Commission rules. The Division believes that the public interest will be promoted by recommending that the Public Service Commission of Utah (“Commission”) allow the transfer of Trans National’s Certificate of Public Convenience and Necessity to TNCI and grant the CPCN as requested under the same terms and conditions allowed in other CPCNs.

The Division also recommends that the \$100,000 bond be waived on the basis that the Applicant will not require customer deposits or prepayments of any kind.

The Division expects that based on history that a filing of this type and with the information submitted by the company there will be no objections or opposition to this recommendation.

Therefore, the Division request that this docket be adjudicated informally in accordance with R746-110-1.

EXPLANATION of the Transfer of Control and Assets:

On or about May 07, 2013, Trans National Communications International, Inc. (“Trans National”) and TNCI Operating Company LLC, (“TNCI”) notified the Commission of a transaction, which will result in a transfer of control and assets of Trans National to TNCI.

Trans National is a Delaware corporation headquartered at 2 Charlesgate West, Boston, Massachusetts, 02215. Trans National is authorized to provide public telecommunications services in the State of Utah by the Commission on March 10, 2005, Docket No. 04-2431-01. On October 9, 2011, Trans National filed a voluntary petition for relief under Chapter 11 of Title 11, U.S.C. §§ 101 et seq., as amended, in the United States Bankruptcy Court for the District of Massachusetts. To date, Trans National has continued to operate its business and provide telecommunications services to its customers. The Bankruptcy Court approved the Transaction on March 13, 2013.

TNCI is a Delaware limited liability company headquartered at 114 East Haley Street, Suite A, Santa Barbara, California, 93101. They are wholly owned subsidiary of TNCI Holdings, LLC., which is owned by Garrison Investment Group. TNCI does not currently provide telecommunication services within the state of Utah.

On January 31, 2013, Trans National and TNCI entered into an agreement where TNCI will acquire certain assets and the customer accounts of Trans National. The bankruptcy court issued a sales order approving the agreement on March 31, 2013. TNCI is currently authorized to provide interstate and international telecommunications services by the Federal Communications Commission.

EXPLANATION of Certificate of Public Convenience and Necessity:

TNCI Operating Company, LLC., (“TNCI”) attached additional information with their application for a certificate of public convenience and necessity (“CPCN”). The Division reviewed the information and found the following:

TNCI Operating Company, LLC., is a registered foreign corporation within the State of Utah, business entity number 8601349-0161; with its corporate head quarters located at 114 East Haley Street, Suite A, Santa Barbara, CA 93101.

TNCI seeks statewide authority except within exchange areas with less than 5,000 access lines that are owned or controlled by an ILEC with fewer than 30,000 total access lines in accordance with Utah Code Ann. 5 54-8b-2.1 (3) and (4). Specifically, The Applicant seeks authority as a reseller local exchange services in the service areas of CenturyLink Communications, Inc. and any other existing or future LECs providing service in Utah.

TNCI intends to provide a full range of telecommunications services to business and enterprise customers in the incumbent, CenturyLink exchanges statewide in Utah, consistent with the exchange maps CenturyLink has on file with the Commission. At this time, TNCI does not have plans to serve residential customers, but may do so in the future as market conditions warrant.

TNCI does not plan to operate an office within Utah. Responsibility for Utah operations will be handled by Applicant's management team from its headquarters in Santa Barbara, California. TNCI will primarily provide service via resale or UNE-L arrangements in Utah. TNCI may lease facilities of other telecommunications providers, including incumbent local exchange carriers.

TNCI intends to commence negotiations with CenturyLink Communications for an interconnection/commercial agreement immediately upon receiving approval from the Public Service Commission of Utah to operate as a local exchange telecommunications service provider in the State of Utah.

TNCI will provide access to ordinary intraLATA and interLATA message toll calling, operator services, directory assistance, directory listings, and emergency services through interconnection with its underlying carrier.

Summaries of professional experience and education of its managerial personnel demonstrate that TNCI has considerable experience in the telecommunications industry.

According to financial statements attested to be accurate, objective and with integrity by Jeff Compton, President and CEO, of TNCI Operating Company, LLC., TNCI has a positive net worth and has ample working capital.

TNCI requests that the \$100,000 bond requirement be waived because it will not require customer deposits or prepayments of any kind.

TNCI is currently authorized to provide local exchange and/or interexchange telecommunications service in Kentucky, Montana, North Carolina (interexchange only), North Dakota and Washington. TNCI is also authorized to provide interstate and international telecommunications services by the Federal Communications Commission.

TNCI claims that it has never had any complaints nor has any investigation been undertaken against it or any of its affiliates involving unauthorized switching (slamming) or any other illegal activities. TNCI also states that it does not have a written slamming policy, but intends to comply with all applicable laws.

TNCI asserts that approval of its application will serve the public interest creating and enhancing competition and expanding customer service options. Additionally, the approval of this application will expand the availability of innovative, high quality, reliable and competitively priced telecommunications services in the State of Utah.

The Division has reviewed the joint application between of TNCI and Trans National and believes that the transfer of control is in the public interest. As a result of the acquisition, the TNCI will be able to provide the telecom services that were being provided by Trans National without interruption to the current customers.

The Division has also reviewed the technical, managerial, and financial abilities of the TNCI and has found that they have provided the necessary information to fulfill the requirements as stated in the existing Commission rules. The Division believes that the public interest will be promoted by recommending that the Public Service Commission of Utah (“Commission”) allow the transfer of Trans National’s Certificate of Public Convenience and Necessity to TNCI and grant the CPCN as requested under the same terms and conditions allowed in other CPCNs.

cc: Brian Twomey, President, Trans National Communications International, Inc.
Andrew Isar, Counsel for Trans National Communications International, Inc.
Jeff Compton, President and CEO, TNCI Operating Company, LLC.
Jean L. Kiddoo, Counsel for TNCI Operating Company, LLC.
Brett P. Ferenchak, Counsel for TNCI Operating Company, LLC.
Justin Jetter, Assistant Attorney General, State of Utah
Patricia Schmid, Assistant Attorney General, State of Utah
Cheryl Murray, Utility Analyst, Office of Consumer Services, State of Utah