



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**www.nj.gov/bpu/**

TELECOMMUNICATIONS

IN THE MATTER OF THE JOINT PETITION OF )  
MANHATTAN TELECOMMUNICATIONS )  
CORPORATION OF NEW JERSEY AND CAPITAL )  
TELECOMMUNICATIONS, INC. FOR APPROVAL OF A )  
TRANSFER OF CUSTOMERS FROM CAPITAL )  
TELECOMMUNICATIONS, INC. TO MANHATTAN )  
TELECOMMUNICATIONS CORPORATION OF )  
NEW JERSEY AND RELATED WAIVERS )

ORDER OF APPROVAL

DOCKET NO. TM07120919

(SERVICE LIST ATTACHED)

**BY THE BOARD:**

On November 30, 2007, Manhattan Telecommunications Corporation of New Jersey ("MetTel") and Capital Telecommunications, Inc. ("CTI," and together with MetTel, "Petitioners"), pursuant to N.J.S.A. 48:3-7, filed a petition with the Board of Public Utilities ("Board") requesting approval to consummate the transfer of certain customers, customer contracts, customer deposits and associated customer account information from CTI to MetTel. The customers to be assigned from CTI to MetTel in New Jersey are certain local and long distance resale and UNE-P customers (the "Customers"). Upon consummation of the transfer, MetTel will offer services to the Customers at the same rates, and on the same terms and conditions that they previously had with CTI. CTI will retain its New Jersey authorization, and continue providing services to that portion of its New Jersey customer base that is not being transferred to MetTel. The requested transfer is only a portion of a larger transaction which includes CTI customers located in Connecticut, Delaware, Maryland, and Pennsylvania.

BACKGROUND

MetTel is a privately-held corporation organized under the laws of the state of New Jersey. MetTel is a direct, wholly owned subsidiary of Manhattan Telecommunications Corporation, which in turn, is a wholly owned subsidiary of Metropolitan Telecommunications Holding Company, both Delaware corporations. MetTel's principal business address is 44 Wall Street, 6<sup>th</sup> Floor, New York, New York 10005.

The MetTel Company was founded in 1996. Either directly or through affiliated "MetTel" operating subsidiaries, the company currently provides local exchange, interexchange, international and advanced data and Internet services to customers in every state, including the District of Columbia except Alaska and Hawaii. In New Jersey, MetTel was authorized to provide local exchange telecommunications services on June 22, 2000. See, I/M/O the Verified Petition of Manhattan Telecommunications Corporation of New Jersey for Authority to Provide Local Exchange Telecommunications Services Throughout New Jersey, Docket No. TE99120922. Petitioners state that MetTel has the financial, managerial and technical qualifications needed to provide quality telecommunications services to the Customers to be acquired from CTI in New Jersey.

CTI is a wholly owned subsidiary of Starvox Communications, Inc. ("Starvox"), a California corporation located at 2728 Orchard Parkway, San Jose, California 95134. CTI is a Pennsylvania corporation located at 200 West Market Street, York, Pennsylvania 17401. CTI is a competitive carrier authorized to provide local, long distance and data services primarily to small and medium-sized businesses in Connecticut, Delaware, Maryland, Massachusetts, New Jersey, New York, Pennsylvania and Texas. CTI received its authority to provide local exchange telecommunications services in New Jersey on April 22, 2003. See, I/M/O the verified Petition of Capital Telecommunications Inc. for Authority to Provide Local Exchange Services and Interexchange Services Throughout New Jersey Docket No. TE03010047. Upon consummation of the proposed transaction, CTI will continue to hold its authorization in New Jersey to provide telecommunications services, and to serve its customers not being assigned to MetTel in the transaction described herein. CTI does not have any employees in New Jersey.

## DISCUSSION

According to the petition, pursuant to an Asset Purchase Agreement dated November 21, 2007, among Starvox and CTI as sellers and Manhattan Telecommunications Corporation as purchaser, Manhattan Telecommunications Corporation intends to purchase certain customers, customer contracts, deposits and associated customer account information from the selles. As noted above, the Customers are certain local and long distance resale and UNE-P customers of CTI located in Connecticut, Delaware, Maryland, New Jersey and Pennsylvania. MetTel will acquire approximately 3,764 subscriber lines in New Jersey. After consummation of the transaction, MetTel will provide telecommunication services to the Customers directly pursuant to its own New Jersey authorization. The closing of the transaction will be contingent upon the receipt of the required regulatory approvals.

Petitioners also seek a shortening of the timeline as set forth in section 14:10-12.3(d) of the Board's mass migration rules because the 90 day notification to the Board, and a 60 day and 30 day notification to the customers is not feasible based on the exigency of the situation. Instead, Petitioners propose that Customers would receive individual written notice at least 45 days and 15 days before the proposed date of transfer. This notice would inform the Customers of the transfer, and also that they have the right to choose another carrier. Petitioners state that the shortening of the timeline is necessary due to the expedited closing and because the proceeds from the sale will provide a necessary cash infusion. Staff has reviewed the proposed notice, and agrees that it complies with N.J.A.C. §14:10-12.5.

Petitioners also state that the proposed transfer of the Customers to MetTel will have no adverse impact on the Customers. The Customers will continue to receive their existing services at the same rates, and on the same terms and conditions that they have prior to the transfer, and any future changes in the rates, terms and conditions of service will be made consistent with Board requirements. Petitioners also state that MetTel has a strong management team that will provide high quality telecommunications services to the Customers, and that MetTel's purchase of the Customers will strengthen MetTel and enable it to concentrate its resources and expertise on providing innovative and diversified service offerings to customers nationwide. These enhancements will inure directly to the benefit of the Customers, as well as indirectly to consumers generally in the telecommunications marketplace. At the same time, Petitioners state that the proposed transfer of the Customers does not present any anti-competitive issues. The Petitioners emphasize that, following the transfer, the Customers will continue to receive services from a qualified carrier, which services will be consistent with the quality of services currently provided by CTI. The Petitioners anticipate that the Customers will experience a seamless transition of service provider. Further, the Customers will be sufficiently notified of the transaction and of their rights. In addition, no carrier is being eliminated as a result of the transaction. CTI will continue to provide service to customers apart from those involved in the transaction.

#### FINDINGS AND CONCLUSIONS

After a thorough review of the petition and all related documents, and based on the recommendation of staff, the Board concludes that there will be no negative impact on service quality to New Jersey customers or the rates they pay. Nor will there be a negative impact on competition. The Board also concludes that a shortening of the mass migration timeline, as proposed by Petitioners is warranted based on the circumstances, and will not adversely affect the Customers.

Accordingly, after careful review of this matter, the Board FINDS that the customer transfer will have no negative impact on the provision of safe, adequate and proper service and will positively benefit competition. Furthermore, the Board FINDS that the transfer will likely have a net positive benefit to the customers in the state.

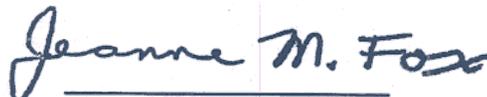
Therefore, the Board, after investigation, having considered the record and exhibits submitted in this proceeding, FINDS that the customer transfer is in accordance with the law and in the public interest. The Board HEREBY APPROVES the request by Petitioners for this transaction. Finally, the Board FURTHER ORDERS that the approval in this Order shall become null and void and of no effect to the extent it has not been exercised prior to August 30, 2008. The Board HEREBY ORDERS that Petitioners shall notify the Board of the closing of the proposed transaction within ten (10) days of consummation of the transfer

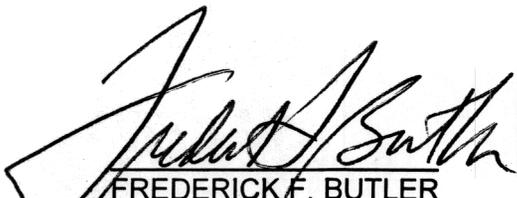
This Order is subject to the following provision:

The company will be and remain in compliance with all Board regulations, including filings and paying the related annual assessment.

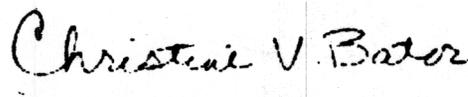
DATED: 1/17/08

BOARD OF PUBLIC UTILITIES  
BY:

  
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JEANNE M. FOX  
PRESIDENT

  
\_\_\_\_\_  
FREDERICK F. BUTLER  
COMMISSIONER

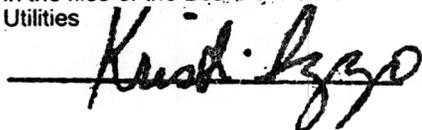
  
\_\_\_\_\_  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
\_\_\_\_\_  
CHRISTINE V. BATOR  
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

  
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**SERVICE LIST**

**DOCKET NO. TM07120919**

James H. Laskey  
Norris McLaughlin & Marcus, P.A.  
721 Route 202-206  
Bridgewater, NJ 08807  
[jlasky@nmmlaw.com](mailto:jlasky@nmmlaw.com)

Melissa Conway  
Kelley Drye & Warren LLP  
3050 K Street, N.W., Suite 400  
Washington, DC 20007  
[mconway@kelleydrye.com](mailto:mconway@kelleydrye.com)

Ronald K. Chen  
Department of the Public Advocate  
Division of Rate Counsel  
31 Clinton Street, 11<sup>th</sup> Floor  
P.O. Box 46005  
Newark, NJ 07101

James F. Murphy  
Rocco Della Serra  
Chris Molner  
Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102  
[James.murphy@bpu.state.nj.us](mailto:James.murphy@bpu.state.nj.us)  
[Alan.molner@bpu.state.nj.us](mailto:Alan.molner@bpu.state.nj.us)  
[Rocco.della-serra@bpu.state.nj.us](mailto:Rocco.della-serra@bpu.state.nj.us)

Elise Goldblat, Esq.  
Babett Tenzer, Esq.  
Department of Law & Public Safety  
Division of Law  
124 Halsey Street – 5<sup>th</sup> Floor  
P.O. Box 45029  
Newark, NJ 07102-  
[Elise.goldblat@dol.lps.state.nj.us](mailto:Elise.goldblat@dol.lps.state.nj.us)  
[Babette.tenzer@dol.lps.state.nj.us](mailto:Babette.tenzer@dol.lps.state.nj.us)

Andoni Economou  
COO/Executive Vice President  
Manhattan Telecommunications Corporation  
44 Wall Street, 6<sup>th</sup> Floor  
New York, NY 10005  
Tel: (212) 607-2004  
Fax: (212) 635-5074  
[aeconomou@mettel.net](mailto:aeconomou@mettel.net)

Chris McKee  
General Counsel  
Starvox Communications, Inc.  
43480 Yukon Drive, Suite 201  
Ashburn, VA 20147  
Tel: (202) 903-0401  
Fax: (202) 330-5106  
[cmckee@starvox.com](mailto:cmckee@starvox.com)