



Agenda Date: 08/04/10  
Agenda Item: IVE

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
Two Gateway Center  
Newark, NJ 07102  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED JOINT PETITION )  
OF MEGAPATH INC., DSLNET COMMUNICATIONS, LLC )  
AND CCGI HOLDING CORPORATION FOR APPROVAL )  
OF THE INDIRECT TRANSFER OF CONTROL OF )  
DSLNET COMMUNICATIONS, LLC )

ORDER OF APPROVAL

DOCKET NO. TM10050312

James H. Laskey, Esq., Norris McLaughlin & Marcus, PA, Bridgewater, New Jersey, for the  
Petitioners

**BY THE BOARD:**

On May 3, 2010, MegaPath Inc. ("MegaPath"), its wholly owned direct subsidiary DSLnet Communications, LLC ("DSLnet"), and CCGI Holding Corporation ("CCGI") (MegaPath, DSLnet and CCGI collectively, "Petitioners"), filed with the New Jersey Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:2-51.1 a petition for the approval or such authority as may be necessary to consummate a transaction between CCGI and MegaPath through which CCGI will acquire indirect control of DSLnet Communications, LLC, a wholly owned direct subsidiary of MegaPath Inc. Upon consummation of the proposed transaction, DSLnet will continue to operate in New Jersey and will continue to provide services to its existing customers pursuant to the existing rates, terms and conditions.

**BACKGROUND**

MegaPath is a privately held Delaware corporation with its principal office located in San Jose, California. MegaPath is a provider of various managed Internet Protocol services including broadband access, Internet mobility and security services. MegaPath does not currently offer any regulated telecommunications services and therefore does not hold any telecommunications authorizations from the Federal Communications Commission ("FCC") or any state regulatory authority. DSLnet, a wholly-owned direct subsidiary of MegaPath, is a Delaware limited liability company with principal offices located in Wallingford, Connecticut. DSLnet is authorized to provide intrastate telecommunications in forty-seven (47) states and the District of Columbia. DSLnet Communications is authorized to provide switched and dedicated, facilities-based local exchange and interexchange telecommunications services in the State of New Jersey. See Order I/M/O the Petition of DSLnet Communications, LLC, for Authorization to

Provide Switched and Dedicated Facilities-Based Local Exchange and Interexchange Telecommunications Services Throughout New Jersey, Docket No. TE99020066, dated August 8, 1999. In New Jersey, DSLnet has approximately 23 wholesale customers. Collectively, DSLnet and MegaPath have one employee located in New Jersey.

CCGI is a Delaware Corporation with its principal offices located in Beverly Hills, California. CCGI is the parent company of Covad Communications Group, Inc. ("Covad") a Delaware corporation that owns Covad Communications Company, ("CCC") a California corporation, and DIECA Communications, Inc. ("DIECA") a Virginia corporation. Through its operating companies, the company offers various services including DSL, Voice Over IP ("VOIP"), T1, wireless broadband, bundled voice and data services directly through its network and through Internet Service Providers, resellers to small and medium sized businesses and residential customers. CCGI is ultimately controlled by Platinum Equity LLC ("Platinum"). Platinum is a privately held Delaware limited liability company with offices also located in Beverly Hills, California. According to the petition, Platinum is a global firm specializing in the merger, acquisition and operation of companies that provide services to customers in a broad range of markets, including information technology, telecommunications, logistics, manufacturing, and entertainment distribution. Platinum indirectly controls several other telecommunications carriers including: Startec Global Operating Company, Matrix Telecom, Inc. and Americatel Corporation. According to the petition, through these companies, Platinum provides long distance, Internet, and other various telecommunications services.

In New Jersey, DIECA is authorized to provide intrastate interexchange and local exchange services. See, Order I/M/O the Petition of DIECA Communications, Inc. for Authority to Provide Facilities-Based and Resold Interexchange Toll Service and Facilities-Based and Resold Intrastate Switched, Special Access and Local Exchange Telecommunications Services, Docket No. TE98060350, dated November 4, 1998. DIECA currently has approximately 10,600 lines in service and 10 employees in New Jersey.

## **DISCUSSION**

According to the petition, CCGI and MegaPath entered into an Agreement and Plan of Merger dated as of March 26, 2010 (the "Agreement"). Pursuant the Agreement, a subsidiary of CCGI created specifically for this transaction, TMAC Merger Corporation, will merge with MegaPath, with MegaPath surviving. As a result, MegaPath will become a wholly owned, direct subsidiary of CCGI and CCGI will acquire indirect control of DSLnet. Petitioners are therefore requesting authority to transfer indirect control of DSLnet to CCGI, and ultimately to Platinum.

Petitioners state that following completion of the transaction, DSLnet's customers will continue to receive services at the same rates, terms and conditions, and as a result, Petitioners claim that the transfer will be seamless and transparent to customers. Further, Petitioners do not anticipate any change in management or operational personnel as a result of the proposed transaction.

Petitioner states that the proposed transaction is in the public interest and that it will increase competition in the New Jersey telecommunications market by reinforcing the status of DSLnet as a viable competitor in New Jersey to the benefit of New Jersey's consumers and the State's telecommunications marketplace.

**FINDINGS AND CONCLUSIONS**

After a thorough review of the petition and all related documents, the Board concludes that there will be no negative impact on service quality to New Jersey customers or the rates they pay. Additionally, there will be no negative impact on competition. The operations of DSLnet will not be affected by this transaction. Moreover, a positive benefit may be expected from the strengthening of DSLnet's competitive posture in the telecommunications market due to its access to additional resources.

Accordingly, after careful review of this matter, the Board FINDS that the change of control will have no material impact on the rates of current customers, or on employees. The Board also FINDS that the transfer will have no negative impact on the provision of safe, adequate and proper service, and may positively benefit competition. Therefore, after investigation, having considered the petition and exhibits submitted in this proceeding, the Board FINDS that the proposed transfer is in accordance with the law and is in the public interest. The Board HEREBY ORDERS that the Petitioners shall notify the Board of the closing of the proposed transactions within 7 days of the consummation of the Transaction. The Board FURTHER ORDERS that this approval will expire if the Transaction is not fully consummated on or before August 31, 2011.

DATED: 8/4/10

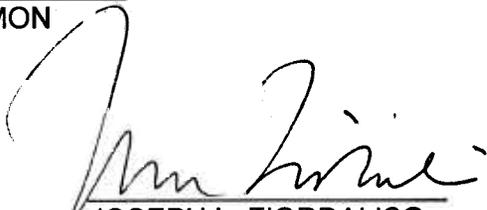
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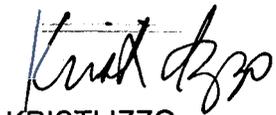


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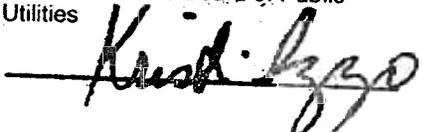
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COMMISSIONER

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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