



Agenda Date: 12/14/11  
Agenda Item: IVA

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED JOINT PETITION )  
OF LINE SYSTEMS, INC., MAGELLAN )  
TECHNOLOGIES, INC. AND MAGELLAN HILL )  
TECHNOLOGIES, LLC FOR APPROVAL OF A )  
TRANSFER OF CONTROL OF AN AUTHORIZED )  
TELECOMMUNICATIONS PROVIDER )

ORDER

DOCKET NO. TM111110806

Parties of Record:

**James H. Laskey, Esq. Norris McLaughlin & Marcus**, on behalf of Petitioners.  
**Stefanie A. Brand, Esq., Director**, Division of Rate Counsel

BY THE BOARD

On November 11, 2011 Magellan Hill Technologies, LLC ("Magellan"), Magellan Technologies, Inc. ("Magellan Parent"), and Line Systems, Inc. ("Line Systems" and collectively with Magellan and Magellan Parent, "Petitioners"), by their counsel filed a verified Petition with the New Jersey Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:2-51.1 requesting approval that will result in the transfer of control of Magellan from its existing owners to Line Systems. Following the transfer, Magellan will continue to offer services at the same terms, rates and conditions on which it currently offers such services in the state.

BACKGROUND

Magellan is a limited liability company organized under the laws of the State of New Jersey. Petitioner's principal offices are located in Mt. Laurel, New Jersey. According to the petition, Magellan provides wireline local and long distance telephone service, high speed Internet access, conferencing, toll-free services, and calling features such as call forwarding and call waiting. Magellan was granted authority to provide local exchange and interexchange telecommunications services in New Jersey on July 21, 2006. See Order, In the Matter of the Petition of Magellan Hill Technologies, LLC for Authority to Provide Local Exchange and Interexchange Telecommunications Services Throughout the State of New Jersey, Docket No. TE06050393.

Currently, Magellan is a wholly owned subsidiary of Magellan Parent, a Delaware corporation and a holding company. Bradford M. Bono, a U.S. citizen and the Chief Executive Officer of Magellan Parent, holds approximately ninety-five percent (95%) of the outstanding ownership interests in Magellan Parent. Magellan currently has 466 business customers and 21 residential customers in New Jersey and 19 employees.

Line Systems is a corporation organized under the laws of the Commonwealth of Pennsylvania. Its principal place of business is located in West Chester, Pennsylvania. According to the petition, Line Systems is a full-service integrated communications provider to business customers. Its products and services include hosted phone applications, traditional local and long distance telephone services, and data/Internet solutions. Line Systems is owned in equal twenty-five percent (25%) shares by four individuals: Kevin McGeary, Mike Miller, Ray Fireman, and Barry Fireman, all U.S. citizens. Line Sysytems was granted authority to provide local exchange and interexchange telecommunications services in New Jersey on January 10, 2002. See Order, In the Matter of the Petition for an Order Authorizing Line Systems, Inc. to Provide Local Exchange and Interexchange Telecommunications Services Throughout New Jersey, Docket No. TE00080619. Additional information and qualifications of Line Systems can be found in that Order.

## DISCUSSION

According to the petition, pursuant to the terms of a Purchase Agreement (“Agreement”) dated as of November 4, 2011, by and among Line Systems, Mr. Bono, and Magellan Parent, Line Systems will acquire all of the outstanding limited liability company interests of Magellan from Magellan Parent. As a result, Magellan will become a wholly owned direct subsidiary of Line Systems following consummation of the transaction. Petitioners state that there will be no change in rates terms and conditions and therefore the transaction will be seamless and transparent to customers. Petitioners have also represented that the transaction will not have any adverse impact on employment in New Jersey.

Petitioners assert that the transaction described herein will serve the public interest. The financial, technical, and managerial resources that Line Systems will bring to Magellan will enhance Magellan’s ability to compete in the telecommunications and information marketplace.

In evaluating this petition, the Board must be satisfied that positive benefits will flow to customers and the State of New Jersey and, at a minimum, that there are no adverse impacts on any of the criteria delineated in N.J.S.A. 48:2-51.1; N.J.A.C. 14:1-5.14(c). Also, under N.J.S.A. 48:3-7, the Board is required to determine whether the public utility or a wholly owned subsidiary thereof may be unable to fulfill its pension obligations to any of its employees. Finally, regarding N.J.S.A. 48:3-10, the Board must be satisfied that there are no adverse impacts on obligations to employees.

## 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 rates or service quality since Magellan’s New Jersey customers will continue to receive the same services from the same entities at the same rates and under the same terms and conditions; nor will there be a negative impact on employees. Moreover, the Board is satisfied that positive benefits will flow to customers based on the record presented by Petitioners as the transaction will strengthen Magellan’s competitive posture in the telecommunications market due to its access to additional resources.

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. The Board FURTHER ORDERS that this approval will expire if the transaction is not fully consummated on or before December 31, 2012.

DATED: 12/15/11

BOARD OF PUBLIC UTILITIES  
BY:



LEE A. SOLOMON  
PRESIDENT



JEANNE M. FOX  
COMMISSIONER

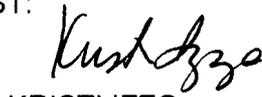


JOSEPH L. FIORDALISO  
COMMISSIONER



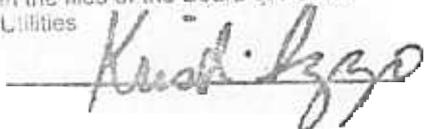
NICHOLAS ASSELTA  
COMMISSIONER

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 THE VERIFIED JOINT PETITION OF LINE SYSTEMS, INC., MAGELLAN TECHNOLOGIES, INC. AND MAGELLAN HILL TECHNOLOGIES, LLC FOR APPROVAL OF A TRANSFER OF CONTROL OF AN AUTHORIZED TELECOMMUNICATIONS PROVIDER  
DOCKET NO. TM11110806

SERVICE LIST

James H. Laskey  
Norris McLaughlin & Marcus, P.A.  
721 Route 202-206, Suite 200  
Bridgewater, NJ 08807  
[jlasky@nmmlaw.com](mailto:jlasky@nmmlaw.com)

Brian McDermott, Esq.  
Strategies Law Group, PLLC  
1002 Parker Street  
Falls Church, Virginia 22046  
[bmcdermott@stratlg.com](mailto:bmcdermott@stratlg.com)

Karen Dupke  
Magellan Technologies, Inc.  
1020 Laurel Oak Road  
Suite 201  
Voorhees, NJ 08043  
[karen.dupke@magellanhill.com](mailto:karen.dupke@magellanhill.com)

Mike Miller  
President  
Line Systems, Inc.  
1645 West Chester Pike  
Suite 200  
West Chester, PA 19382  
[mmiller@linesystems.com](mailto:mmiller@linesystems.com)

Stefanie A. Brand  
Director, Division of Rate Counsel  
Department of the Public Advocate  
31 Clinton Street, 11<sup>th</sup> Floor  
P.O. Box 46005  
Newark, NJ 07101  
[njratepayer@advocate.state.nj.us](mailto:njratepayer@advocate.state.nj.us)

Board of Public Utilities  
Division of Telecommunications  
44 South Clinton Street, 9th Floor  
Trenton, New Jersey 08625  
[james.murphy@bpu.state.nj.us](mailto:james.murphy@bpu.state.nj.us)  
[rocco.della-serra@bpu.state.nj.us](mailto:rocco.della-serra@bpu.state.nj.us)

Alex Moreau  
Department of Law & Public Safety  
Division of Law  
124 Halsey Street – 5<sup>th</sup> Floor  
P.O. Box 45029  
Newark, New Jersey 07102  
[alex.moreau@dol.lps.state.nj.us](mailto:alex.moreau@dol.lps.state.nj.us)

James F. Murphy  
Rocco Della Serra