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April 28, 2014

MEMORANDUM

TO: The Chair and Members of the Commission

FROM: Vincent O. Ikwuagwu, Public Utilities Analyst VOI

SUBJECT: IN THE MATTER OF THE JOINT APPLICATION OF BUSINESS DISCOUNT PLAN, INC. AND CONSUMER TELCOM, INC. FOR APPROVAL TO ACQUIRE DELAWARE CUSTOMERS AND CONTRACTS.
(FILED MARCH 19, 2014, REVISED APRIL 25, 2014)
PSC DOCKET NO. 14-114.

Application

Business Discount Plan, Inc. ("BDP" and Consumer Telcom, Inc. ("Consumer Telcom") (together, "Applicants") have filed a joint application seeking Commission approval to acquire customers and costumer contracts through a mutually negotiated customer base acquisition ("Transaction") pursuant to 26 Del. Code §215 and the rules of the Delaware Public Service Commission.

Applicants

Business Discount Plan, Inc.

Business Discount Plan, Inc. is a privately held corporation formed under the laws of the State of California in August of 1992. BDP is a provider of resold-non-facilities based interLATA and intraLATA interexchange telecommunications services to commercial and residential customers in the State of Delaware. BDP was granted authority to provide interexchange telecommunications services in Delaware in February 14, 1995 under Commission Order No. 3946[1].

[1] Order No. 3946 referenced in the Application was originally for Trans National Telephone, Inc. By letter dated January 26, 1995, Trans National notified the Commission of a change of name to Business Discount Plan, Inc. with Certificate of Amendment form State of California attached.

Consumer Telcom, Inc.

Consumer Telcom is a privately-held corporation organized under the laws of the State of California on September 23, 1998. Consumer Telcom is a provider of resold-non-facilities based interLATA and intraLATA interexchange telecommunications services to commercial and residential customers in the State of Delaware. Consumer Telcom was granted authority to provide such services in Delaware in January 8, 2008 in PSC Docket No. 07-290, Order No. 7337.

Transaction

On February 25, 2014, BDP entered into an agreement ("Agreement") that will allow BDP to acquire certain Consumer Telcom customer accounts and contracts to the extent permitted under applicable law and regulations, certificates, licenses, registrations or other authorizations to provide intrastate, interstate, and international telecommunications services. In the interest of assuring seamless and uninterrupted service, all of the assigned customers will continue to receive service from BDP under the same rates, terms and conditions of services as were previously provided by Consumer Telecom, and will continue to share many of the same customer service, technical, operational and managerial personnel of BDP.

Public Interest

The Applicants asserts that the public interest will be served and that the terms and conditions of the Transaction are reasonable. The proposed Transaction will result in the assignment of Consumer Telcom customers to a financially and technically stable company with established history in the State that will continue to provide telecommunication services to such assigned customers without interruption. Further, the Applicants assert that the Transaction will not adversely affect the customers in Delaware. As provided in Exhibit A attached with the Application, BDP and Consumer Telcom have provided customers with more than 30 days advance notice of the transfer pursuant to Section 64.112 (e) of the FCC rules 47 C.F.R. §64.1120(e).

Staff Recommendations

Applications seeking approval of a transfer of assets and customer accounts come under the provisions of 26 Del. C. §215 because they are deemed to be public utilities. The Applicants Business Discount Plan, Inc. and Consumer Telcom, Inc., have represented that the Transactions for sale of customers and acquiring of certain assets are in accordance with law, for a proper purpose, and consistent with public interest. Staff contacted the Federal Communication ("FCC") staff who confirmed that the BDP has filed the required letter of intent for this Transaction. The Commission has previously allowed such applications to become effective without any necessary Commission action. The result seems appropriate under these circumstances. Therefore, Staff recommends that the Commission not act upon this application. This will have the effect under 26 Del. C. §215(d), of the application being deemed approved. Finally, within a reasonable time after all of the steps of the Transaction have been completed, BDP will send Staff verification that the proposed Transaction has been completed.