



STATE OF DELAWARE
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October 27, 2014

MEMORANDUM

TO: The Chair and Members of the Commission

FROM: Kevin Neilson, Regulatory Policy Administrator

SUBJECT: IN THE MATTER OF THE APPLICATION OF BLOCK LINE SYSTEMS, LLC FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE COMPETITIVE LOCAL EXCHANGE AND LONG DISTANCE TELECOMMUNICATIONS SERVICES WITHIN THE STATE OF DELAWARE (FILED JULY 28, 2014; AMENDED OCTOBER 23, 2014; AMENDED OCTOBER 27, 2014) - PSC DOCKET NO. 14-0255

Block Line Systems, LLC (“BLS”), has applied (“Application”) for a Certificate of Public Convenience and Necessity (“CPCN”) to provide competitive local exchange and long distance telecommunications services within the State of Delaware. The Delaware Public Service Commission staff (“Staff”) has reviewed the Application to determine its compliance with the Rules and Regulations promulgated in 26 *Del. Admin. C.* §4001.

BLS submitted a bond in the amount of \$10,000 issued by Fidelity and Deposit Company of Maryland on behalf of BLS in compliance with 26 *Del. Admin. C.* §§4001-4.6.1. To demonstrate its financial capability, BLS also provided to Staff audited consolidated financial statements of BLS’ parent, Block Communications, Inc. (“BCI”) for the fiscal period ended December 31, 2011, 2012, and 2013 and verification that, as necessary, BCI will be responsible for the start-up financial obligations of BLS.

To demonstrate its technical and operational capabilities, BLS provided Staff with background information of its principal officers and employees. In addition, BLS states that one of BCI’s subsidiaries, Buckeye TeleSystems, Inc. is currently certified to provide competitive

local exchange carrier services in Ohio and Michigan, as well as resold domestic and international interexchange services.

Pursuant to 26 *Del. Admin. C.* §4001-4.3, a copy of the Application was provided to the Division of the Public Advocate, and public notice of the Application was published in The News Journal and in the Delaware State News newspapers on October 24, 2014. Staff reports that it received no formal comments or objections to BLS' Application for a CPCN.

As part of its Application, BLS requested a waiver of the provisions of 26 *Del. C.* §208(b) so that it may maintain its books and records relating to its Delaware operations outside of the State of Delaware. In addition, BLS requested a waiver of the provisions of 26 *Del. Admin. C.* §4001-10.2 so that it may maintain its books consistent with General Accepted Accounting Principles. Staff believes that the waiver requests are reasonable and recommends that the Commission grant the requested waivers.

Based on Staff's review and analysis, BLS has shown that it has the financial, operational, and technical means to provide competitive local exchange and long distance telecommunications services in Delaware. Therefore, Staff recommends that the Commission grant Block Line Systems, LLC a CPCN to provide competitive local exchange and long distance telecommunications services within the State of Delaware.