

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Joint Application for Approval of the Transfer of the Certificate of Public Convenience and Necessity and Other Assets, Including the Customer Base, of Line Systems, Inc. (U6795C) to Block Line Systems, LLC Pursuant to Public Utilities Code Section 851.

Application 14-07-010
(Filed July 18, 2014)

DECISION GRANTING WITHDRAWAL OF THE APPLICATION**Summary**

This decision grants the request jointly filed by Line Systems, Inc. (Line Systems) and Block Line Systems, LLC (Block Line) to withdraw their application for a transfer of the Certificate of Public Convenience and Necessity and other assets, including the customer base, from Line Systems to Block Line. This decision also confirms that Line Systems is a telephone company and a public utility subject to the Commission's jurisdiction. Any future transfer of Line Systems' assets is subject to prior Commission approval. This proceeding is closed.

1. Background

On July 18, 2014, Line Systems, Inc. (Line Systems) and Block Line Systems, LLC (Block Line) (together, the Applicants), jointly filed an application for a transfer of the Certificate of Public Convenience and Necessity (CPCN) and other assets, including the customer base, from Line Systems to Block Line. The

Commission previously granted Line Systems a CPCN to provide intraLATA and interLATA telecommunications services in California as a switchless reseller.¹

The application was noticed on the daily calendar on July 23, 2014. No protests were filed.

On November 20, 2014, the assigned Administrative Law Judge (ALJ) issued a ruling directing the Applicants to provide additional information. On November 25, 2014, the Applicants filed a request for an extension of time to file the additional information. The November 25, 2014 request also stated that the Applicants intended to amend their application. The Applicants allege that Line Systems has no operations or customers under the Commission's general jurisdiction.² The request further stated that the Applicants would go forward with the request to transfer the CPCN in order to enable it to provide regulated services in the future.

The ALJ issued a Ruling extending the deadline to file the additional requested information.³ However, the Applicants did not formally file the requested information nor did they file the proposed amendment to the application, as indicated in the November 25, 2014 request.

On March 19, 2015, the Applicants filed a motion requesting to withdraw the application because the Applicants have decided not to proceed with the proposed transfer to Block Line of Line Systems' CPCN or other assets used in

¹ Decision 03-09-046 granted Line Systems a CPCN in 2003.

² Applicant's Request for Extension of Time to Respond to ALJ Ruling, November 25, 2014.

³ ALJ Ruling, November 26, 2014.

the provision of regulated intrastate California service. No protests were filed to the motion to withdraw.

2. Discussion

The Applicants' request to withdraw Application (A.) 14-07-010 is reasonable and should be granted. However, as discussed below, should Block Line intend in the future to acquire telephone corporation assets from Line Systems, it should file a new application requesting approval of such transfers, pursuant to Public Utilities Code Section 851, and reference A.14-07-010.

In their November 25, 2014 filing, the Applicants allege that Line Systems has no operations or customers under the Commission's generation jurisdiction. Public Utilities Code Section 216(a) defines the term "public utility" to include a "telephone corporation," which in turn is defined in Public Utilities Code Section 234(a) as "every corporation or person owning, controlling, operating, or managing any telephone line for compensation within this state." Line Systems is a telephone company and, therefore, a public utility subject to our jurisdiction.

Public Utilities Code Section 851 requires that a public utility shall not sell, lease, assign, mortgage, or otherwise dispose of any part of its property necessary in the performance of its duties to the public without first having secured an order from the Commission authorizing it to do so.

Accordingly, while we find it reasonable to grant the Applicants' request to withdraw A.14-07-010, we also remind the Applicants that any future attempt to transfer such assets requires the approval of the Commission pursuant to Public Utilities Code Section 851.

3. Categorization and Need for Hearings

In Resolution ALJ 176-3340, dated August 14, 2014, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were not necessary. No protests have been filed. Given these developments, a public hearing is not necessary, and it is not necessary to disturb the preliminary determinations.

4. Waiver of Comment Period

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

5. Assignment of Proceeding

Michael Picker is the assigned Commissioner and Kelly A. Hymes is the assigned ALJ in this proceeding.

Findings of Fact

1. Notice of the application appeared on the Daily Calendar on July 23, 2014. No protests have been filed. A hearing is not required.
2. Public Utilities Code Section 216(a) defines the term "public utility" to include a "telephone corporation."
3. Public Utilities Code Section 851 requires that a public utility shall not transfer any part of its property without Commission authorization.
4. On March 19, 2015, the Applicants jointly filed a request to withdraw the application.
5. No protests have been filed to the request to withdraw the application.

Conclusions of Law

1. Line Systems is a telephone corporation and a public utility as defined in Public Utilities Code Sections 234(a) and 216(a), and therefore subject to the Commission's jurisdiction.
2. A transfer of the assets of Line Systems requires Commission authorization pursuant to Public Utilities Code Section 851.
3. The Applicants' request to withdraw A.14-07-010 should be granted.

O R D E R

IT IS ORDERED that:

1. The request jointly filed by Line Systems, Inc. and Block Line Systems, LLC to withdraw Application 14-07-010 is granted.
2. If in the future, Block Line Systems, LLC intends to acquire telephone corporation assets from Line Systems, Inc., then Block Line Systems, LLC will file a new application and reference this application.
3. Application 14-07-010 is closed.

This order is effective today.

Dated _____, at San Francisco, California.