



Control Number: 45332



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DOCKET NO. 45332

RECEIVED

APPLICATION OF MATRIX
BUSINESS TECHNOLOGIES,
TRINSIC COMMUNICATIONS,
EXCEL TELECOMMUNICATION
AND GARRISON TNCI LLC FOR
AMENDMENT TO SERVICE
PROVIDER CERTIFICATES OF
OPERATING AUTHORITY

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PUBLIC UTILITY COMMISSION
OF TEXAS
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PUBLIC UTILITY COMMISSION
FILING CLERK

COMMISSION STAFF'S FINAL RECOMMENDATION

COMES NOW the Staff of the Public Utility Commission of Texas (Staff), representing the public interest, and files this Commission Staff's Final Recommendation. In support thereof, Staff shows the following:

I. BACKGROUND

On November 12, 2015, Matrix Business Technologies, Trinsic Communications, Excel Telecommunications and Garrison TNCI LLC (jointly "Applicants") filed an application to amend Service Provider Certificate of Operating Authority (SPCOA) Nos. 60108,¹ 60868,² and 60923,³ pursuant to § 54.141-158 of the Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001-66.016 (West 2007 & Supp. 2015) (PURA) and 16 Tex. Admin. Code § 26.111 (TAC). Applicants seek approval of a change in ownership/control.

In Order No. 1, issued November 13, 2015, Staff was given a deadline of December 10, 2015, to file a recommendation regarding the change in ownership/control. This pleading is therefore timely filed.

¹ *Application of Matrix Business Technologies for a Service Provider Certificate of Operating Authority*, Docket No. 17215, Notice of Approval (June 4, 1997).

² *Application of Trinsic Communications for a Service Provider Certificate of Operating Authority*, Docket No. 38679, Notice of Approval (Oct. 21, 2010).

³ *Application of Excel Telecommunication for a Service Provider Certificate of Operating Authority*, Docket No. 19597, Notice of Approval (Feb. 8, 1999).

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II. STAFF'S FINAL RECOMMENDATION

Staff has reviewed the application, and as supported by the attached memorandum of Jeffrey Wirth of the Competitive Markets Division, Staff has concluded that the application provides the information required to demonstrate that the Applicants have met the technical requirements of PURA §§ 54.151–54.158 and the customer protection requirements of 16 TAC § 26.111 for an amendment to a SPCOA. Therefore, Staff recommends approval of the application.

III. CONCLUSION


Staff respectfully recommends that the Applicant's application be approved.

Dated: December 10, 2015

Respectfully Submitted,

Margaret Uhlig Pemberton
Division Director-Legal Division

Karen S. Hubbard
Managing Attorney - Legal Division



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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on December 10, 2015, in accordance with 16 TAC § 22.74.

A handwritten signature in black ink, appearing to read 'Erika Garcia', written over a horizontal line.

Erika Garcia

Public Utility Commission of Texas

Memorandum

TO: Erika Garcia, Attorney – Legal Division
FROM: Jeffrey Wirth, Competitive Markets Analyst – Competitive Markets Division *JW by JH*
DATE: December 10, 2015
SUBJECT: Docket No. 45332: *Application of Matrix Business Technologies, Trinsic Communications, Excel Telecommunication and Garrison TNCI LLC for Amendment to Service Provider Certificate of Operating Authority*

Background Information on Application

On November 12, 2015, Matrix Business Technologies (Matrix), service provider certificate of operating authority (SPCOA) No. 60108; Trinsic Communications (Trinsic), SPCOA No. 60868; and Excel Telecommunications (Excel), SPCOA No. 60923, along with Garrison TNCI LLC (Garrison) filed an application seeking a change in ownership and control under 16 Tex. Admin. Code § 26.111 (TAC).

Summary of Conclusions and Recommendations

Staff of the Public Utility Commission of Texas recommends that the Administrative Law Judge (ALJ) find that the Companies meet the technical criteria for an amendment to their SPCOAs, pursuant to PURA §§ 54.151 - 54.159¹ and 16 TAC § 26.111.

Matrix, Trinsic and Excel are requesting Commission approval to enable the transfer of the indirect control of Matrix, Trinsic and Excel to Garrison. Matrix, Trinsic and Excel will become subsidiaries of Garrison and will continue to provide service in Texas under their existing names. Currently, Matrix, Trinsic and Excel are Texas corporations and wholly owned direct subsidiaries of Impact Telecom, Inc. (Impact) which is a Nevada corporation. Garrison is a Delaware limited liability company owned by the Garrison Opportunity Fund III (Fund) a limited liability corporation. Through the guidance of the Fund along with the managerial and technical qualifications of its subsidiary, TNCI Operating Company, LLC (TNCI); Garrison states they have the qualifications to acquire Impact.

¹ Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 54.151 - 54.159 (West 2007 & Supp. 2014) (PURA).

Matrix, Trinsic and Excel along with Garrison consider the Impact acquisition transaction to be in the public interest. Garrison expects the Impact acquisition transaction will enable the companies to better meet the local, national and global needs of enterprises, wholesale buyers and other customers. Customers of Matrix, Trinsic and Excel will benefit from the extensive telecommunications experience of the Garrison family of companies. The financial, technical, and managerial resources that Garrison will enable Matrix, Trinsic and Excel to better compete in the telecommunications market-place.

The Impact acquisition transaction will not result in any changes to rates, terms, or conditions. No technical changes have occurred as a result of this corporate restructuring. No other changes were requested in this amendment application.

Description of Services and Compliance Check

The Texas Secretary of State (SoS) lists Matrix, Trinsic and Excel as assumed names for Matrix Telecom, Inc., a Delaware limited liability company. The SoS issued an authorization to transact business in the state of Texas to Matrix Telecom Inc. under filing number 115691500 as of June 13, 1990. The status of the Matrix Telecom Inc. is listed as "in existence". Additionally, Matrix Telecom Inc. is listed as "active" on the Texas Comptroller's Office website under ID number 117523321937.

Matrix holds an SPCOA for facilities-based and resale service under certificate number 60108 and is also registered as an IXC under registration number IX010828. Trinsic holds an SPCOA for facilities-based and resale service under certificate number 60868 and is also registered as an IXC under registration number IX011557. Excel holds an SPCOA for facilities-based and resale service under certificate number 60923 and is also registered as an IXC under registration number IX010501. The SPCOAs referenced above will remain with their existing companies and will continue to provide service under their existing names in Texas.

Matrix Telecom, Inc. is authorized to provide intrastate telecommunication services in all states (with the exception of Virginia) and the District of Columbia. Garrison has never applied for a permit to provide telecommunications services in any state. However, the Garrison subsidiary, TNCI is authorized to provide intrastate telecommunications services in all states (with the exception of Alaska) and the District of Columbia.

Matrix Telecom, Inc. indicated that neither its owners, nor any affiliate has ever had a certification revoked or denied in any state. However, one of Matrix Telecom Inc.'s former affiliate

(Impact Telecom) was involved with a call completion complaint. That matter was addressed by the Iowa Utilities Board under Docket No. FCU-2013-0005 and FCU-2014-0014. Matrix Telecom Inc. also reported a Federal Communication Commission (FCC) investigation into the call complaints, which resulted in a consent decree under Order DA 14-679 issued on June 4, 2014. Finally, the Matrix Telecom Inc. reported that the California Public Utilities Commission initiated an investigation into the billing practices of another of Matrix Telecom Inc.'s former affiliates (Americatel) dated February 10, 2010, which resulted in a settlement agreement reached in December of 2010.

Garrison indicated no formal complaints or regulatory actions have been taken against them or their affiliates within the last 60 months in any state or by the FCC.

Service Area

Matrix, Trinsic and Excel indicated that there will be no changes in their service area footprints which are as follows:

Matrix – Exchanges of AT&T Texas, Verizon Southwest, Consolidated Communications, Texas Windstream, Inc., Windstream Sugar land, Inc. and Embarq.

Trinsic – State of Texas.

Excel – Exchanges of AT&T Texas.

Additional Information Requested for Technical Review

Neither the Companies nor the Transferee were asked to provide additional information.

Technical Qualifications

As indicated above, Garrison is using the managerial and technical qualifications of TNCI. The application included a list of managerial and technical experience through TNCI that exceeds over 164 years of collective experience in the telecommunications industry.

Complaint Check

The Commission Company Contact Database shows a combined number of 12 complaints against Matrix, Trinsic and Excel for the past 60 months. Matrix, Trinsic and Excel list the combined number of Texas customers at 1800 for the past 60 months. Using the above information, the customer to complaint ratio is below 6%; therefore no further investigation is warranted.

Conclusion

Based on Staff's review of the submitted amendment application, Staff recommends that the ALJ find that Matrix, (SPCOA No. 60108); Trinsic (SPCOA No. 60868); and Excel (SPCOA No. 60923) along with Garrison, are in compliance with the requirements of 16 TAC § 26.111 to be granted a change in ownership and control. As a result of the change, Matrix, Trinsic and Excel will become subsidiaries of the Garrison and will continue to provide service in Texas under their existing names. Staff recommends approval of the change in ownership and control as discussed above.