



State of Utah
Department of Commerce
Division of Public Utilities

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September 12, 2005

TO: PUBLIC SERVICE COMMISSION

FROM: DIVISION OF PUBLIC UTILITIES

Constance B. White, Director
Wes Huntsman, Manager, Telecommunications
Bart Croxford, Utility Analyst

Re: Application of Veracity Communications, Inc. for a certificate authorizing it to provide local exchange services in Docket No. 05-2461-01

Recommendation (approve):

The Division has reviewed the technical, managerial, and financial abilities of the Applicant and has found that the Applicant has provided the necessary information to fulfill the requirements as stated in the existing Commission rules. It believes that the public interest will be promoted by recommending that the Commission allow the Applicant a CPCN as requested under the same terms and conditions allowed in other CPCNs. The Division also recommends that the \$100,000 bond be waived on the basis that the Applicant will not require customer deposits or prepayments of any kind.

Although it is not an issue at the present time, the Division further recommends that the certificate be limited to local exchanges with more than 5,000 access lines that are owned or controlled by incumbent local exchange carriers ("ILECs") with more than 30,000 access lines. Rural ILECs have not objected to this application because they would not be affected unless the Applicant intended to serve in their territories. If the Applicant decides to serve in the rural ILECs' territory, a hearing may be necessary before the Commission, pursuant to Section 251(f)(1) of the Telecommunications Act of 1996.

Issues:

Veracity Communications, Inc. ("Applicant") filed an application for a Certificate of Public Convenience and Necessity ("CPCN") on July 15, 2005. The Division reviewed the application and found the following:

The Applicant plans to operate as a provider of resold and facilities-based local

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exchange telecommunications services in Utah except in exchanges with fewer than 5,000 access lines that are owned or controlled by an incumbent local telephone corporation with fewer than 30,000 access lines (see Attachment).

According to financial statements audited by the CPA firm of Gilbert and Stewart, the Applicant has a positive net worth and has plenty of working capital. The Applicant's five-year projection of operations also shows that it should have sufficient cash to fund operations if it is fairly accurate.

The Applicant claims that it has no history of any complaints either with the FCC or the state of Utah regarding the unauthorized switching of customers. It states that it will prevent unauthorized switching by obtaining a signed letter of authorization from all new customers and will comply with Utah law and the FCC's regulations regarding how interexchange carriers may change a consumer's primary interexchange carrier and primary local exchange carrier.

Summaries of professional experience and education of its managerial personnel demonstrate that the Applicant has considerable experience in the telecommunications industry.

The Applicant requests that the \$100,000 bond requirement be waived because it will not require customer deposits or prepayments of any kind.

The Applicant asserts that approval of its application will serve the public interest by "creating greater competition in the local exchange marketplace, and the high-speed data market in particular."

Attachment

cc: Stanley K. Stoll, Blackburn & Stoll
Stephen Mecham, Callister, Nebeker & McCullough
Division of Public Utilities
Michael Ginsberg, Assistant Attorney General
Committee of Consumer Services