

**BEFORE THE  
UTAH PUBLIC SERVICE COMMISSION**

Application of )  
 )  
**Beehive Telephone Co., Inc.** )  
 ) Docket No. \_\_\_\_\_  
For a Certificate of Public Convenience and )  
Necessity to Provide Local Exchange )  
Services within the State of Utah )

**APPLICATION**

Beehive Telephone Company, Incorporated (“Beehive” or “Applicant”), by its undersigned counsel and pursuant to the Commission’s Rules of Practice and Procedure (Utah Admin. Code R746-100), Section 63-46b-3 of the Utah Administrative Code, Sections 54-8b-1.1, *et seq.*, of the Utah Code and the Telecommunications Act of 1996 (“1996 Act”), 47 U.S.C. §§ 151, *et seq.*, hereby applies to the Utah Public Service Commission for a certificate of public convenience and necessity authorizing Applicant to operate as a competitive provider (CLEC) of local exchange telecommunications services in the State of Utah.

Beehive also intends to provide intrastate interexchange services within and throughout the State of Utah.

In support of its application, Beehive provides the following information pursuant to Utah Admin. Code R746-349:

1. Applicant's legal name is Beehive Telephone Company, Incorporated. Applicant as a CLEC will be conducting business in Utah as a wholly owned subsidiary of the existing ILEC Beehive Telephone Company, Inc. as a competitive local exchange carrier division (CLEC division) of the ILEC Beehive, under the name "Beehive Telephone Company, Incorporated" and/or "Beehive Telephone". Applicant may be reached at its principal place of business:

Beehive Telephone Company, Incorporated  
2000 east Sunset Road  
Lake Point, Utah 84074  
435-837-6000  
(fax) 435-837-6109  
(toll free) 800-629-9999  
email: [hooper@beehive.net](mailto:hooper@beehive.net)

Beehive Telephone Company, Inc. is a Utah corporation organized on July 15, 1965, under the laws of Utah. A copy of Beehive's Articles of Incorporation is attached hereto as

**Exhibit A.**

2. Correspondence or communications pertaining to this Application should be directed to:

Judith O. Hooper  
Beehive telephone Co., Inc.  
2000 E. Sunset Rd.  
Lake Point, Utah 84074  
Email- [hooper@beehive.net](mailto:hooper@beehive.net)  
Telephone: 435-837-6000  
Facsimile: 435-837-6109

3. Questions concerning the ongoing operations of Applicant following certification should be directed to:

Arthur W. Brothers  
President & CEO  
2000 E. Sunset Rd.  
Lake Point, Utah 84074  
Email- [art@beehive.net](mailto:art@beehive.net)  
Telephone: 435-837-6000  
Facsimile: 435-837-6109

4. Applicant's registered agent in the State of Utah is:

Judith O. Hooper  
1458 S. 1300 E.  
Salt Lake City, UT 84105  
801-250-6639

5. Beehive's toll-free number for customer inquiries is 1-800-629-9999. Applicant's designated representative for responding to consumer complaint inquiries by the public is:

John Brewer  
CIO  
2000 E. Sunset Rd.  
Lake Point, Utah 84074  
Telephone: 435-837-6000  
Facsimile: 435-837-6109  
Toll Free: 1-800-639-9999  
email: [john@beehive.net](mailto:john@beehive.net)

6. R746-349-3(A)(3). Facilities to be used. Beehive as CLEC intends to deploy certain facilities in collocated sites throughout Utah. Beehive currently owns property in the State of Utah and has completed plans for construction of voice or data transport facilities in Utah. Initially, Beehive's CLEC division proposes to provide local exchange service, operating as a switch-based reseller of the Incumbent Local Exchange Carrier's (ILEC) facilities and/or as a reseller of the facilities of other certificated Competitive Local Exchange Carriers (CLEC). As a switched-based reseller of ILEC and/or CLECs facilities, Beehive's CLEC division will rely on its facilities-based underlying carrier(s) for the operation and maintenance of the local exchange

network. Beehive's CLEC division will then purchase unbundled network elements from the ILEC and/or lease facilities and network from other CLECs.

7. R746-349-3(A)(4). Services to be offered. Beehive seeks authority to provide all forms of resold local exchange services, which will allow customers to originate and terminate local calls to other customers served by Beehive as well as customers served by all other authorized local exchange carriers through the proposed Beehive CLEC division. Beehive's CLEC division will also provide switched access services to interexchange carriers, which will allow customers to originate and terminate intrastate and interstate calls to and from customers of all interexchange carriers. Beehive seeks to provide resold local exchange services to business and residential customers in Qwest Communication's service territories as well as interexchange services (intraLATA and interLATA) throughout the state of Utah. Resale authority is sought for the entire state for interexchange services and for Qwest's service territory for local exchange services.

Beehive specifically seeks authority to resell Qwest's, other incumbent LECs and authorized CLECs' local exchange services and IXCs' interexchange services to business and residential customers throughout the state of Utah. Beehive intends to resell both local exchange services and switched and dedicated interexchange carrier services.

7. (a) R746-349-3(A)(4)(a). Classes of customers. Beehive's CLEC division will be serving business and residential customers.

7. (b) R746-349-3(A)(4)(b). Location of Service. Beehive's CLEC division will

provide service to and from all points in Utah.<sup>1/</sup>

7. (c) R746-349(A)(4)(c). Types of service. Local exchange services will include, but will not be limited to the following: (i) local exchange access services to single-line and multi-line customers (including basic access lines, direct inward-outward PBX trunk service, Centrex services, and ISDN and DSL); and (ii) local exchange usage services to customers of Beehive's end-user access line services. Beehive's CLEC division intends to offer both inbound and outbound intraLATA services. This will be accomplished primarily through the resale of the facilities of ILECs and/or CLECs. Applicant's services will be available on a full-time basis — 24 hours a day, seven days a week.

8. R746-349-3(A)(5). Access to standard services. Beehive's CLEC division will provide access to ordinary intraLATA and interLATA message toll calling, operator services, directory assistance, directory listings, and emergency services such as 911 and E911 either through its own operations or by purchasing those services from ILECs, certificated CLECs and other companies specializing in providing these services on a competitive basis.

9. R746-349-3(A)(6)–(7). Professional experience and education of managerial personnel and personnel responsible for Utah operations. Beehive company operations will be handled by Mr. Chuck McCown, General Manager of Beehive and other members of Applicant's current management team based in Utah. Applicant's officers and directors are as follows:

**Directors:**

Name: Arthur W. Brothers, Chairman of the Board

Name: John Brewer

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<sup>1/</sup>Beehive's CLEC division currently does plan to provide local exchange services in the service areas of small or rural local exchange carriers ("LECs") as defined by the Telecommunications Act of 1996.

Name: Judith Hooper  
Name: Chuck McCown  
Name: Wayne McCulley

**Officers:**

Arthur W. Brothers, President & CEO  
Judith O. Hooper, Executive Vice President & Chief Counsel  
Chuck McCown, Vice President & General Manager  
Wayne McCulley, Chief Financial Officer  
John Brewer, Chief Information Officer & Assistant General Manager

Descriptions of the extensive telecommunications and managerial experience of Applicant's key personnel are attached hereto as **Exhibit B**.

10. R746-349-3(A)(1), R746-349-3(A)(8)–(10). Financial Abilities. Beehive is financially qualified to provide local exchange telecommunications services in Utah. In particular, Beehive has access to the financing and capital necessary to conduct its telecommunications operations as specified in this application.

10. (a) R746-349-3(A)(8). Chart of accounts. Beehive's chart of accounts including account numbers, names, and brief descriptions is attached hereto as **Exhibit C**.

10. (b) R746-349-3(A)(9)(a)–(c). Balance sheet. Applicant's balance sheet prepared according to Generally Accepted Accounting Principles ("GAAP") and a letter from management attesting to the accuracy, integrity, and objectivity of the balance sheet and attesting that the balance sheet was prepared in accordance with GAAP are attached hereto as **Exhibit D**. In accordance with R746-349-3(A)(11)(a), this balance sheet shows that Beehive has a positive net worth.

10. (c) R746-349-3(A)(9)(d). Parent company's financial statements. Attached hereto as **Exhibit E** is a copy of the Applicants financials. These statements show that, in accordance with R746-349-3(A)(10)(b), Applicant will have available sufficient resources to meet cash needs as shown in the five-year projection (see paragraph 11 (a) below).

10. (d) R746-349-3(A)(10)(c), R746-349-3(A)(2). Bond requirement. Beehive respectfully requests that the Commission grant a waiver from the requirement that Beehive show proof of a bond in the amount of \$100,000 in order to protect customer deposits or other liabilities. Beehive's CLEC division does not plan at this time to collect customer deposits. If at some time in the future, Beehive decides to collect deposits from Utah customers, Beehive will comply with all applicable Utah laws and Commission rules and regulations.

11. R746-349-3(A)(11). Five-year projection of expected operations.

11. (a) R746-349-3(A)(11)(a). Income and cash flow statements. Please find attached as **Exhibit F** a five-year projection of expected operations including *pro forma* income statements and *pro forma* cash flow statements. The Applicant is focusing on a particularly niche market within the state of Utah, and believes it can provide services to this market segment as a switched-based reseller. Accordingly, as demonstrated in its 5-year projection of expected operations in the state of Utah, the Company does not anticipate making significant capital expenditures in order to serve the identified market.

11. (b) R746-349-3(A)(11)(b). Types of technology to be deployed. Beehive's CLEC division will install state-of-the-art telecommunications equipment. Applicant will lease existing local fiber-optic network infrastructure to provide trunking facilities to the ILEC and/or one or more CLECs. The Applicant anticipates the fiber-optic network infrastructure it utilizes will

connect Beehive's network to major ILEC central offices and customers in the central business district and outlying areas of business concentrations in each market. Beehive's CLEC division network will also be connected to an ILEC tandem switch and certain IXC points of presence ("POPs"). As each customer is obtained, service will be provisioned by leasing unbundled loops or other facilities (*e.g.*, T1s) from the ILEC to connect the end user to the CLEC division network.

11. (c) R746-349(A)(11)(c). Maps of facilities locations. As stated in Paragraph 5 above, Beehive has switching and/or leased facilities implementation for Utah as an ILEC; however, the exact location of future leased facilities and descriptions of the specific facilities to be utilized as a CLEC are not yet available. Once these plans are finalized, Beehive will, if the Commission so desires, notify the Commission of such plans.

12. R746-349-3(A)(6), R746-349-3(A)(12). Implementation schedule. Please find a tentative schedule attached hereto as **Exhibit G**.

13. R746-349-3(A)(1), R746-349-3(A)(13). Technical and managerial abilities. Beehive's officers have the necessary managerial and technical resources and qualifications necessary to execute its business plan, to provide its proposed telecommunications services, and to operate and maintain Beehive's facilities, over which such services will be deployed. Beehive's senior management team has more than 100 years' experience in telecommunications, and are all considered seasoned veterans in the Industry. Beehive has no other pending CLEC applications to provide interexchange telecommunications and/or local exchange services in any other state or jurisdiction. Presently, Beehive provides local exchange services in the state of Utah and Nevada. Beehive has not been refused certification in any state, nor has it had a permit, license, or certificate revoked by any state.



14. R746-349-3(A)(1), R746-349-3(A)(14). Public interest. Beehive is an innovative company that has developed a variety of innovative marketing approaches. Beehive is precisely the kind of innovative company envisioned by Congress when they enacted the 1996 Telecommunications Act. Approval of Beehive's CLEC application will serve the public interest by creating greater competition in the local exchange marketplace for both business and residential customers. Applicant anticipates that its proposed service will provide its subscribers with better quality services and enhanced user features and will increase consumer choice through Applicant's reliable service offerings. The public convenience and necessity, therefore, will be served by the issuance of a Certificate of Public Convenience and Necessity to Applicant authorizing it to provide the services described in this application.

15. R746-349-3(A)(15). Authority to conduct business. Copies of Beehive's certificates of good standing from the Nevada Secretary of State and the State of Utah are attached hereto as **Exhibit H**.

16. R746-349-3(A)(16)–(17). Unauthorized switching, solicitation of new customers, and prevention of unauthorized switching. No complaints have been made nor has any investigation been undertaken against Beehive or any of its affiliates for unauthorized switching ("slamming") or any other illegal activities. Beehive will comply with Utah law and the Federal Communications Commission's regulations regarding how carriers may change a consumer's primary interchange carrier ("PIC"). Beehive will also comply with the FCC's forthcoming regulations regarding how carriers may change a consumer's primary local exchange provider. Beehive has implemented policies and procedures respecting the solicitation of new customers. These policies require that all

new customers execute a contract and letter of agency authorizing Beehive to provide the telecommunications services requested.

17. Waivers and Regulatory Compliance. Beehive requests that the Commission grant it a waiver of those regulatory requirements which are not applicable to competitive local service providers such as Beehive's CLEC division. Such rules are not appropriate or necessary for competitive providers and constitute an economic barrier to entry into the local exchange market. In addition, Beehive requests a temporary waiver of the requirement to file a tariff until the Company has entered into a Commission-approved interconnection agreement that enables it to provide basic local exchange service. Specifically, Beehive requests the following standard waivers that are routinely granted to competitive providers in Utah:

Exemptions from title 54:

54-3-8, 54-3-19	--	Prohibitions of discrimination
54-7-12	--	Rate increases or decreases
54-4-21	--	Establishment of property values
54-4-24	--	Depreciation rates
54-4-26	--	Approval of expenditures

Waivers of Regulations:

R746-340-2(D)	--	Uniform System of Accounts
R746-340-2(E)(1)	--	Tariff filings required
R746-340-2(E)(2)	--	Exchange Maps
R746-341	--	Lifeline (until Commission establishes Lifeline rules that may include All American or until All American begins to provide residential service.
R746-344	--	Rate case filing requirements.
R746-401	--	Reporting of construction, acquisition and disposition of assets.
R746-405	--	Tariff formats
R746-600	--	Accounting for post retirement benefits

Beehive requests that it be exempt from record keeping regulations that require a carrier to maintain its financial records in conformance with the Uniform System of Accounts (“USOA”). The USOA was developed by the FCC as a means of regulating telecommunications companies subject to rate-base regulation.

As a competitive carrier, Beehive maintains its book of accounts in accordance with Generally Accepted Accounting Principles (“GAAP”). Neither the FCC, nor this Commission, have required Beehive to maintain its records under the USOA for purposes of Beehive’s inter-exchange operations. Thus, Beehive does not possess the detailed cost data required by USOA, nor does it maintain detailed records on a state-specific basis. As a competitive provider, Beehive’s network operations are integrated to achieve maximum efficiency. Having to maintain records pertaining specifically to its Utah local service operations would place a severe burden on Beehive.

Moreover, Beehive asserts that because it utilizes GAAP, the Commission will have a reliable means by which to evaluate Beehive’s operations and assess its financial fitness. A Chart of Accounts is provided in Exhibit C. Therefore, Beehive hereby requests an exemption from the USOA requirements.

Beehive requests that it not be required to publish local exchange directories. Beehive will make arrangements with the incumbent LECs whereby the names of Beehive’s customers will be included in the directories published by the incumbent LECs. LEC directories will also be modified to include Beehive’s customer service number. These directories will be distributed to Beehive’s customers. This approach is entirely reasonable and will have a direct benefit to the customers of both Beehive and the incumbent LECs since customers will have to refer to only one directory for a universal listing of customer information. It would be an unnecessary burden on Beehive to require

that it publish and distribute its own directory to all customers located within each exchange area, particularly since nearly all of these customers will be customers of the incumbent LECs. It is more efficient for Beehive to simply include its limited customer list in the existing directories of the incumbent LECs.

**WHEREFORE**, Beehive respectfully requests that the Utah Public Service Commission: (1) issue a Certificate of Public Convenience and Necessity authorizing Beehive's CLEC division to provide local exchange telecommunications services in the State of Utah; (2) grant the waivers requested in this Application; and (3) grant such other relief as it deems necessary and appropriate.

Respectfully submitted,

Judith O. Hooper  
Attorney for  
Beehive Telephone Company, Inc.

Dated: May 3, 2006

## LIST OF EXHIBITS

EXHIBIT A	Articles of Incorporation
EXHIBIT B	Management and Technical Qualifications
EXHIBIT C	Chart of Accounts
EXHIBIT D	Balance Sheet of Beehive Telephone Company, Inc.
EXHIBIT E	Financial Statements of Beehive Telephone Company, Inc.
EXHIBIT F	Five-Year Projection of Expected Operations
EXHIBIT G	Implementation Schedule
EXHIBIT H	Certificate of Authority to Transact Business
VERIFICATION	

**EXHIBIT A**

**Certificate of Formation**

**EXHIBIT B**

**Management and Technical Qualifications**

**BEEHIVE TELEPHONE COMPANY, INC.  
MANAGEMENT AND TECHNICAL QUALIFICATIONS**

Arthur W. Brothers- President and CEO

Art Brothers has over 40 years experience in the Telecommunications Industry with companies in both Nevada and Utah.

Chuck McCown- General Manager

Chuck McCown has over 25 years experience in the Telecommunications Industry with both technical and administrative expertise.

John Brewer- CIO

John Brewer has over a decade of experience in the Telecommunications Industry with special emphasis in billing and collections, computer technology, carrier access billing and reporting, customer dispute resolution, and customer service.

Wayne McCulley-CFO

Wayne McCulley has over a decade in the Telecommunications Industry with special emphasis in the areas of regulatory and records compliance, and over 26 years in accounting practice.

Judith Hooper-EVP & Chief Counsel

Judith Hooper has over 25 years in the Telecommunications Industry with special emphasis in telecom engineering and telecom law.



**EXHIBIT C**  
**Chart of Accounts**

**(Confidential – Filed Under Seal)**

1000 - 1999 Current Assets

2000 - 2999 Plant Assets

3000 - 3999 Accumulated Depreciation

4000 - 4499 Liabilities

4500-4999 Equity

5000 - 5999 Revenue

6000 - 6999 Operating Expenses

7000 - 7999 Non Operating Inc/Expense

8000 - 8999 Other Expense

**EXHIBIT D**

**BEEHIVE TELEPHONE COMPANY, INC.  
BALANCE SHEET  
DECEMBER 31, 2005**

**(Confidential – Filed Under Seal)**

May 3, 2006

Julie Orchard, Secretary  
Utah Public Service Commission  
Heber M. Wells Building  
160 E. 300 South St.  
Salt Lake City, Utah 84111

Re: Application of Beehive Telephone Company, Inc. for a Certificate of Convenience and  
Necessity to Provide Local Exchange Services Within the State of Utah

Dear Ms. Orchard:

On behalf of Beehive telephone Company, Inc., Beehive Telephone Company, Inc., the applicant in the above-referenced proceeding, this letter is submitted as an exhibit to Beehive Telephone Company, Inc.'s application in accordance with R746-349-3(A)(9).

I am CFO of All American Telephone Company, Inc. I have the requisite knowledge to make the following attestation and I am authorized to do so.

I attest to the accuracy, integrity, and objectivity of the balance sheet attached as **Exhibit D** to Beehive Telephone Company, Inc.'s application. I also attest that the balance sheet was prepared in accordance with Generally Accepted Accounting Principles ("GAAP") I also attest to that accuracy, integrity and objectivity of the Chart of Accounts, attached as **Exhibit C** and the Financial Statements (including Profit and Loss Statement) provided in the attached **Exhibit E**.

Sincerely yours,

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Mr. Wayne McCulley, CFO /SS/

**EXHIBIT E**

**BEEHIVE TELEPHONE COMPANY, INC.  
FINANCIAL STATEMENT  
2005**

**(Confidential – Filed Under Seal)**

**EXHIBIT F**

**Five-Year Projection of Expected Operations**

**(Confidential – Filed Under Seal)**

**EXHIBIT G**

**Implementation Schedule**

## **Tentative Implementation Schedule**

Following is the tentative schedule for implementation of Beehive Telephone Company, Inc.'s (CLEC division) business plan in Utah:

<b><u>Action</u></b>	<b><u>Projected Date of Implementation</u></b>
Begin switch deployment/Colocation:	Within 3-5 years of CPCN Grant
Application for Authority & CPNC:	May 3, 2006
Testing:	Within 3-5 years of CPCN Grant
Initial Service Implementation:	Upon Appropriate Certification in Utah.

**EXHIBIT H**

**Certificate of Good Standing**



## **VERIFICATION**

### VERIFICATION

County of     Tooele                         )  
  )           s/s  
State of     Utah                         )

I,     Wayne McCulley    , being first duly sworn, depose and state that I am an authorized representative of     Beehive Telephone Company, Inc..    , the Applicant in the subject proceeding; that I am authorized to make this Verification on behalf of     Beehive Telephone Company, Inc.    ; that I have read the foregoing application and exhibits and know the content thereof; that the same are true and correct to the best of my knowledge, information, and belief.

Executed on this 3<sup>rd</sup> day of May, 2006.

By:     /SS/    \_\_\_\_\_

Name: Wayne McCulley  
Title: CFO  
Company: Beehive Telephone Company, Inc.