



State of Utah
Department of Commerce
Division of Public Utilities

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MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities
Philip Powlick, Director
Bill Duncan, Telecommunications / Water Manager
Ron Slusher, Utility Technical Consultant

Date: August 05, 2010

Re: In the Matter of the Application of iNetworks Group, Inc. for a Certificate of Public Convenience and Necessity to Provide Competitive Local Exchange Service within the State of Utah Docket No. 10-2523-01.

RECOMMENDATION: (Approval)

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. The Division 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.

The Division expects that, based on history, a filing of this type and with the information submitted by the company there will be no objections or opposition to this recommendation. Therefore, the Division request that this docket be adjudicated informally in accordance with R746-110-1.

EXPLANATION:

iNetworks Group, Inc. (“Applicant”) filed an application for a certificate of public convenience and necessity (“CPCN”) on July 21, 2010. The Division reviewed the application and found the following:

The Applicant seeks statewide authority except within exchange areas with less than 5,000 access lines that are owned or controlled by an ILEC with fewer than 30,000 total access lines in accordance with Utah Code Ann. 5 54-8b-2.1 (3) and (4). Specifically, the Applicant seeks authority as a reseller and facilities-based provider of interexchange and local exchange services in the service areas of Qwest Communications Inc. and any other existing or future LECs providing service in Utah.

According to financial statements attested to be accurate, objective and with integrity by Raymond L. Cowley, Sr. Vice President and General Manager, of iNetworks Group, Inc., the Applicant has a positive net worth and has ample working capital.

The Applicant does not currently own property in the State of Utah and does not plan to construct any facilities in the state. Applicant proposes to provide a suite of competitive basic local exchange and interexchange telecommunications services, to commercial retail subscribers and wholesale carriers.

Applicant's facilities-based services will be provided through leased underlying local exchange carrier network facilities. Specifically, Applicant proposes to provide basic local exchange services and related custom calling features, intraLATA and interLATA toll services, operator assisted calling exclusively to subscribers of record, directory assistance, as well as several specialized commercial services including dedicated, non-switched private-line special access high-speed broadband facilities and data transmission services.

Applicant intends to commence negotiations with Qwest Communications for an interconnection/commercial agreement immediately upon receiving approval from the Public Service Commission of Utah to operate as a local exchange telecommunications service provider in the State of Utah.

The Applicant claims that it has never had any complaints nor has any investigation been undertaken against it or any of its affiliates involving unauthorized switching (slamming) or any other illegal activities. The Applicant also states that it has implemented policies and procedures concerning solicitation of new customers. These policies require that customers sign a contract authorizing the Applicant to provide telecommunications services.

Summaries of professional experience and education of its managerial personnel demonstrate that the Applicant has considerable experience in the telecommunications industry. The Applicant is currently authorized to provide local exchange telecommunications services in every state with the exception of Alaska, Alabama, Missouri, Utah, and Texas. Of these five states, the Applicant states that they have applications pending in all states but Alaska.

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 creating and enhancing competition and expanding customer service options. Additionally, the approval of this application will expand the availability of innovative, high quality, reliable and competitively-priced telecommunications services in the State of Utah.

cc: Andrew Isar, Regulatory Consultant to iNetworks Group, Inc.
Michael Ginsberg, Assistant Attorney General, State of Utah