

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

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In the Matter of the Application of Peerless )  
Network of Utah, LLC for a Certificate of ) DOCKET NO. 14-2552-01  
Public Convenience and Necessity to ) REPORT AND ORDER  
Provide Facilities-Based and Resold Local )  
Exchange and Interexchange )  
Telecommunications Services within the )  
State of Utah )  
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ISSUED: November 19, 2014

SYNOPSIS

By this Report and Order, the Commission approves the application of Peerless Network of Utah, LLC for a Certificate of Public Convenience and Necessity authorizing applicant to compete as a Competitive Local Exchange Carrier within Utah.

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PROCEDURAL HISTORY

Peerless Network of Utah, LLC (Peerless or Applicant) filed its application on August 25, 2014, seeking a certificate of public convenience and necessity (Certificate) for authority to compete as a telecommunications corporation providing facilities-based and resold local exchange and interexchange telecommunications services throughout all of Utah. The application contains detailed information regarding the technical, financial, and managerial resources and abilities of Applicant to provide the public telecommunications services it seeks to offer.

On September 19, 2014, the Division of Public Utilities (“Division”) filed a memorandum recommending approval of the application. The Division has reviewed verified financial statements showing Applicant to have a positive net worth and to have ample working

capital. The Division believes Applicant's management team has adequate experience in the telecommunications industry. The Division reports Applicant seeks authority as a reseller of local exchange services in the service areas of CenturyLink. Applicant, according to the Division, plans to construct facilities in the state on an as-needed basis. Applicant represents it will enter into interconnection agreements with other carriers as necessary and will obtain services such as operator services, directory assistance, directory listings, and access to emergency services such as 911 and E911.

As noted in the Division's memorandum, Applicant asserts approval of its application will serve the public interest, enhance competition, and expand customer options. According to Applicant, it will comply with federal and state anti-slamming laws and regulations. The Division recommends the Commission waive the requirement that Applicant file proof of a \$100,000 bond, because Applicant will not require customer deposits or prepayments of any kind.

On November 4, 2014, the Commission held a hearing in this docket. Pat Phipps, director of regulatory affairs, appeared telephonically on behalf of the Company, along with John Barnicle, president and chief executive officer of Peerless. Justin Jetter, assistant Utah attorney general, appeared on behalf of the Division, and was accompanied by Ron Slusher, utility analyst. The Company and the Division testified they were both unaware of any opposition to the application. The Division testified approval of the application is just, reasonable, and in the public interest.

In light of the foregoing, the Commission enters the following Findings of Fact, Conclusions of Law, and Order.

FINDINGS OF FACT

1. There are no intervenors and no opposition to the application.
2. Applicant has filed sworn statements or other supporting documents containing the necessary information in support of the application.
3. Applicant has demonstrated it is qualified to do business in Utah.
4. Applicant requests the Commission grant the Certificate authorizing it to provide public telecommunications services within Utah.
5. Applicant initially proposes to provide public telecommunications services in Utah, within the CenturyLink service area, and that is the extent to which Applicant is granted authority through this order. If Applicant wants to provide public telecommunications services outside of the CenturyLink service area, Applicant must submit a new application demonstrating that granting Applicant additional service area is in the public interest.
6. Applicant will utilize its managerial expertise to support its Utah operations.
7. Applicant has sufficient technical resources and abilities to provide the public telecommunications services it desires to offer.
8. Applicant has a secure and sufficient source of funding for its Utah operations that will enable it to meet projected capital and operating expenses, and to implement its business plans.
9. In providing intrastate services, Applicant will be subject to competition from other certified telecommunications service providers.

10. Applicant's service offerings will provide customers with a wider range of choice in meeting their telecommunications needs and will support the development of competition.
11. Applicant will not require customer deposits or offer any prepaid services in Utah.
12. Applicant has applied for waiver of the \$100,000 bond.

CONCLUSIONS OF LAW

1. Applicant meets each of the statutory requirements of Utah Code Ann. §§ 54-8b-1.1 *et seq.* for the requested Certificate.
2. The requested exemption from the \$100,000 bond requirement is in accord with Commission practice, and is in the public interest.
3. Issuance of the requested Certificate to provide public telecommunications services, as described in the application, is in accord with the legislative policy set forth in Utah Code Ann. §§ 54-8b-1.1 *et seq.*, and is in the public interest.
4. Restricting the Applicant's Certificate to exclude those exchanges with less than 5,000 access lines that are served by incumbent telephone corporations with fewer than 30,000 access lines in the state is in the public interest.

ORDER

The Commission, in light of the Findings and Conclusions above, ORDERS:

- a. Applicant is granted the Certificate attached as Exhibit A, which exhibit is incorporated by reference into this Order, as if set forth here;

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- b. Applicant shall provide reports to the Commission and to the Division as set forth in Exhibit B, which exhibit is incorporated by reference into this Order, as if set forth here;
- c. The reporting requirements in Exhibit B shall be binding upon Applicant until modified by the Commission;
- d. Applicant shall be exempt from certain provisions of the Utah Code and the Commission's Rules and Regulations, as set forth in Exhibit B;
- e. The bond requirement is waived;
- f. Any person may file a protest prior to this order's effective date (20 days from its issuance) and, if the Commission finds the protest to be meritorious, the effective date shall be suspended pending further proceedings. Otherwise, this order shall take effect 20 days from its issuance.

DATED at Salt Lake City, Utah this 19<sup>th</sup> day of November, 2014.

/s/ Ron Allen, Chairman

/s/ David R. Clark, Commissioner

/s/ Thad LeVar, Commissioner

Attest:

/s/ Gary L. Widerburg  
Commission Secretary  
DW#262123

Notice of Opportunity for Agency Review or Rehearing

Pursuant to Utah Code Ann. §§ 63G-4-301 and 54-7-15, a party may seek agency review or rehearing of this order by filing a request for review or rehearing with the Commission within 30 days after the issuance of the order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission fails to grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the Commission's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply with the requirements of Utah Code Ann. §§ 63G-4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

**EXHIBIT A**

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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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In the Matter of the Application of Peerless Network of Utah, LLC for a Certificate of Public Convenience and Necessity to Provide Facilities-Based and Resold Local Exchange and Interexchange Telecommunications Services within the State of Utah

DOCKET NO. 14-2552-01

CERTIFICATE 2552

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ISSUED: November 19, 2014

The Public Service Commission of Utah, pursuant to Utah Code Ann. § 54-8b-2.1, issues a Certificate of Public Convenience and Necessity authorizing Peerless Network of Utah, LLC to provide public telecommunications services within the State of Utah, excluding those local exchanges of less than 5,000 access lines that are owned or controlled by an incumbent telephone corporation with fewer than 30,000 lines in the state.

DATED at Salt Lake City, Utah, this 19<sup>th</sup> day of November, 2014.

/s/ Ron Allen, Chairman

/s/ David R. Clark, Commissioner

/s/ Thad LeVar, Commissioner

Attest:

/s/ Gary L. Widerburg  
Commission Secretary

**EXHIBIT B**

**I. Annual Report:** Peerless Network of Utah, LLC (Grantee) shall file an Annual Report, on or before March 31 of each year, unless said Grantee requests and obtains an extension. The Annual Report shall contain the following:

A. **Annual Revenues** from operations attributable to the State of Utah by major service categories.

Such information shall be provided on a “Total Utah” and “Utah Intrastate” basis. “Total Utah” will consist of the total of interstate and intrastate revenues. “Utah Intrastate” will reflect only revenues derived from intrastate tariffs, price lists, or contracts. Both Total Utah and Utah Interstate revenues shall be reported according to at least the following classes of service:

1. private line and special access,
2. business local exchange,
3. residential local exchange,
4. measured interexchange, and
5. vertical services.

Business local exchange, residential local exchange and vertical service revenue shall be reported by geographic area, to the extent feasible.

B. **Annual Expenses and Estimated Taxes** attributed to operations in the State of Utah.

Year End Balances by Account for Property, Plant, Equipment, Annual Depreciation, and Accumulated Depreciation for telecommunications investment



in Utah. The Actual Depreciation Rates which were applied in developing annual and accumulated depreciation figures shall also be shown.

- C. **Financial Statements** maintained in accordance with generally accepted accounting principles in the ordinary course of business.

These financial statements shall, at a minimum, include an income statement, balance sheet, and statement of cash flows.

- D. **List of Services** offered to customers and the geographic areas in which those services are offered.

This list shall be current and shall be updated whenever a new service is offered or a new area is served.

- E. **Number of Access Lines in Service** by geographic area, segregated between business and residential customers.

- F. **Number of Messages and Minutes of Services** for measured services billed to end users.

- G. **List of Officers and Responsible Contact Personnel** updated annually.

- H. **Chart of Accounts.**

In addition to the foregoing, said grantee will provide its chart of accounts as existing and updated (no less than annually). Said Grantee shall also work with the Division in good faith to develop a method of estimating intrastate expenses and investments.

**II. Applicable Statutory Provisions and Exemptions from Statutes and Waiver of Regulations.** Grantee shall be exempted from the following statutory provisions and regulations:

A. 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

B. Waivers of Regulations

R746-340-2(D) Uniform System of Accounts (47 C.F.R. 32)

R746-340-2(E)(1) Tariff filings required

R746-340-2(E)(2) Exchange maps

R746-341 Lifeline<sup>1</sup>

R746-344 Rate case filing requirements

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<sup>1</sup>This regulation is waived only until the Commission establishes Lifeline rules applicable to the Grantee.

R746-401	Reporting of construction, acquisition and disposition of assets
R746-405	Tariff formats
R746-600	Accounting for post-retirement benefits

**III. Obligations with Respect to Provision of Services.** Grantee agrees to provide service within specified geographic areas upon reasonable request and subject to the following conditions:

- A. Grantee's obligation to furnish service to customers is dependent upon the availability of suitable facilities on its own network and the networks of underlying carriers. Grantee will provide a map identifying the areas within the state of Utah where it is offering any services. The map will be updated as Grantee serves new areas and no less frequently than annually.
- B. Grantee will only be responsible for the operation and maintenance of services that it provides.

**IV. Modification:** It is anticipated that, to the extent the foregoing requirements impact competitive entry or impact effective competition, they will be subject to the rule making requirements of Utah Code Ann. § 54-8b-2.2. In such case, the provisions set forth herein shall be superseded by any such rule adopted by the Commission.

CERTIFICATE OF SERVICE

I CERTIFY that on the 19<sup>th</sup> day of November, 2014, a true and correct copy of the foregoing was served upon the following as indicated below:

By Electronic Mail:

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Peerless Network, Inc.

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