



State of Utah
Department of Commerce
Division of Public Utilities

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MEMORANDUM

To: Public Service Commission

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

Date: September 18, 2015

Re: In the Matter of the Application of RCLEC, Inc. for a Certificate of Public Convenience and Necessity to Provide Resold and Facilities-Based Local Exchange and Exchange Services within the State of Utah, Docket No.15-2583-01.

RECOMMENDATION (Approve with Limitations):

The Division of Public Utilities (“Division”) has reviewed the technical, managerial, and financial abilities of the RCLEC, Inc. and has found that they have provided the necessary information to fulfill the requirements as stated in the existing Public Service Commission (“Commission”) rules. The Division believes that the public interest will be promoted by recommending that the Commission allow the RCLEC, Inc. a Certificate of Public Convenience and Necessity (“CPCN”) as requested.

Based on RCLEC’s application requests, the Division is recommending that the Commission give statewide authority, but limiting it to suppling services to other ILEC and CLEC only. This will give RCLEC the ability to enter into inter-connection agreements needed to offer its services.

It is common practice for the Commission to use standardize language when issuing Certificate of Public Convenience and Necessity. Therefore, the Division also recommends that this limitation be expressly worded on the Company’s certification to show the difference between a standard issue CPCN and this certificate limiting the services provided by the Company.

The Division also recommends that the \$100,000 bond be waived on the basis RCLEC does not intend to collect customer deposits or offer any pre-paid services and will not offer end user services.

EXPLANATION:

On or about August 28, 2015, RCLEC, Inc. (“RCLEC or Applicant”) filed an application for a CPCN. The Division reviewed the application and found the following:

RCLEC, Inc. is a registered foreign corporation within the State of Utah; with its corporate headquarters located at 20 Davis Drive, Belmont, CA 94002.

RCLEC seeks to enter the Utah market selling its services to other providers. RCLEC plans to provide service to and from all points in Utah. Essentially, RCLEC intends to provide voice telephony services on a wholesale basis to other providers. The Applicant states that they will not offer end user service to residential or business customers.

The Applicant does not currently own property in the state and does not plan to construct any facilities in the state. Responsibility for Utah operations will be handled by Applicant’s current management team from its headquarters in Belmont, California.

RCLEC anticipates offering services to other providers on a wholesale basis after the approval of its Application for a CPCN sometime in the last quarter of 2015.

RCLEC will provide access to ordinary intraLATA and interLATA message toll calling, but will not provide operator services, directory assistance, directory listings, and emergency services such as 911 and E911. It will be the responsibility of RCLEC’s telecommunication provider customers to provide these services either through their own operations or by purchasing those services from underlying carriers.

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

According to financial statements attested to be accurate, objective and with integrity by Bruce Johnson, Secretary, RCLEC, Inc., dated August 13, 2015, the Applicant has a positive net worth and has ample working capital.

The Applicant requests that the Commission grant a waiver from the requirement to show proof of a bond in order to protect customer deposits or other liabilities. RCLEC does not intend to collect customer deposits or offer any pre-paid services and will not offer end user services.

The Applicant supplied a list of states with accompanying docket numbers to show that they have been granted certificates, they are as follows; the District of Columbia (D.C.) and the following states: California (A.12-04-012), Colorado (14A-0468T), Florida (120064), Page 8 of 12 Georgia (L-0535), Illinois (12-0336), Indiana (44499), Louisiana (S-33536), Maryland (160091), Michigan (U-17573), Minnesota (P6904/NA-13-238), Missouri (TA-2015-0186),

Nevada (13-04032), New Jersey (TE12090821), New York (12-00716), Ohio (14-1165-TPACE), Oregon (CP 1570), Pennsylvania (A-2014-2403433, 2403434, 2403435), Texas (60895), Washington (140507) and Wisconsin (4945-NC-100). RCLEC has pending authorizations in the Alabama, Arizona, Idaho, North Carolina, Oklahoma, South Carolina, Tennessee, and Virginia.

RCLEC states that they have not been denied requested certification in any jurisdiction, nor has it had a permit, license, or certificate revoked by any authority.

The Applicant states that no complaints have been made nor has any investigation been undertaken against RCLEC for unauthorized switching (“slamming”) or any other illegal activities. RCLEC will not provide dial tone or have any direct contact with end users’ telephone numbers.

The Applicant asserts that approval of RCLEC’s application will serve the public interest by creating greater competition in the local exchange marketplace. 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.

cc: Bruce Johnson, Secretary, RCLEC, Inc.
Anita Taff-Rice, Counsel for RCLEC, Inc.
Justin Jetter, Assistant Attorney General, State of Utah
Cheryl Murray, Utility Analyst, Office of Consumer Services, State of Utah