



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:** March 14, 2016

**Re:** In the Matter of the Application of Neighborhood Networks, Inc. for a Certificate of Public Convenience and Necessity to Provide Resold and Facilities-Based Local Exchange Services within the State of Utah, Docket No. 16-2587-01.

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**RECOMMENDATION (Approve):**

The Division of Public Utilities (“Division”) has reviewed the technical, managerial, and financial abilities of the Neighborhood Networks, 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 Neighborhood Networks, Inc. a Certificate of Public Convenience and Necessity (“CPCN”) as requested under the same terms and conditions allowed in other CPCNs.

The Company has ask that the bond requirement be waived in an addendum filed on March 14, 2016. The Division see no problem in granting this request and 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 that 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:**

On or about February 18, 2016, Neighborhood Networks, Inc. (“Neighborhood Networks or Applicant”) filed an application for a CPCN. The Division reviewed the application and found the following:

Neighborhood Networks, Inc. is a registered corporation within the State of Utah; with its corporate headquarters located at P.O. Box 970968, Orem, Utah 84097.

Neighborhood Networks asked for statewide authority in their original application, but in an amendment dated March 08, 2016, the Company now 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 local exchange services in the service areas of CenturyLink Communications, Inc. and any other existing or future LECs providing service in Utah.

The Applicant’s customer base will be residential and business customers in the State of Utah. They intend to offer local exchange and interexchange services through VoIP and will also offer fiber Internet and IPTV in the incumbent, CenturyLink, exchanges statewide in Utah, consistent with the exchange maps CenturyLink has on file with the Commission.

Neighborhood Networks will provide access to local exchange, toll, operator services, directory assistance, and directory listings either through facilities-based interconnection or resale services purchased directly from the ILEC. Emergency services such as 911 and E911 will be provided by an upstream carrier.

The Applicant does not currently own property in the state and does not plan to construct any facilities in the state. The Applicant intends to use the local loops and other existing network facilities where prudent of the local exchange incumbent provider.

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

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 Johnathan Penberthy, CEO/CTO, of Neighborhood Networks, Inc. the Applicant has a positive net worth and has ample working capital.

Neighborhood Networks is in the process of acquiring a bond in the amount of \$100,000 and provide it to the Commission as soon as it is issued.

Neighborhood Networks is not certified in any other state. They plan to operate in Utah and have no plans at this time to expand its operations to other states.

The Applicant claims that it has never had any complaints nor has any investigation been undertaken against it for unauthorized switching (slamming) or any other illegal activities. The Applicant will comply with Utah law and the FCC's regulations regarding how interexchange carriers may change a consumer's Primary Interchange Carrier ("PIC"). The Applicant will also comply with the FCC's regulations regarding how carriers may change a consumer's primary local exchange provider. Neighborhood Network has adopted written policies regarding the solicitation of new customers in compliance with Utah law and FCC regulations.

The Applicant asserts that approval of its application will serve the public interest, stating that the public will benefit both directly, through the use of the competitive services to be offered by Neighborhood Networks and indirectly, because the Company's presence in Utah will increase the incentives for other telecommunications providers to operate more efficiently, offer more innovative services, reduce their prices, and improve their quality of service.

cc: Johnathan Penberthy, CEO/CTO, Neighborhood Networks, Inc.  
Carol Lisowski, Regulatory Consultant, Incompass Consulting Group, LLC.  
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