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T.R.A. DOCKET ROOM

February 16, 2006

Chairman Ron Jones  
Tennessee Regulatory Authority  
460 Jas. Robertson Parkway  
Nashville, TN 37243-0505

Re: CCN Application of VCI Company, Docket No. 06-00019

Dear Chairman Jones:

We received Ms. Standley's Data Request dated January 25, 2006 and offer the following information in response.

1. Complete list of complaints filed with state and federal regulatory agencies within the past year, a description of the complaint and an explanation of how the complaint was resolved.

**Response:** VCI has had no complaints filed with any federal regulatory agency. VCI had the following formal and informal complaints with state regulatory commissions during 2005. As can be seen in the matrix below, VCI has a complaint rate of approximately one complaint per thousand customers in those states where complaints were made.

State	Number of Customers	No. of Complaints Rec'd by State	Formal/Informal
Iowa	7,836	1	Formal
Minnesota	2,735	1	Informal
North Dakota	423	0	N/A
Oregon	8,717	5	Informal
South Dakota	2,172	0	N/A
Washington	23,723	35	Informal
Wyoming	4,052	0	N/A

Iowa: One complaint, alleging slamming, was filed in 2005, which was the result of an employee's error in the use of the company's third-party verification system. The complaint was resolved per the request of IUB staff by VCI crediting the complaining customer's account for all charges billed and forbearing to pursue collection activity related to the charges. As indicated in the application, the Iowa Office of consumer advocate filed a Petition for Proceeding to Consider Civil Penalty, which was settled by the company with the payment of a \$500.00 fine.

February 16, 2006

Page 2

Minnesota: Customer complained that the company's advertisement did not inform him of all applicable charges to be billed for service. The Commission found in favor of the company.

Oregon: Five customer complaints were received, all of which were resolved in favor of the company.

Washington: In 2005, VCI experienced 35 disputes concerning service disconnection, bills, quality of service and slamming. Of those complaints, 8 were resolved in favor of the consumer. Explanations of those resolved in favor of the consumer are as follows:

Four complaints for improper disconnection: Consumers complained that VCI neglected to contact the consumers prior to disconnection, pursuant to commission rules, or that the disconnect notice did not include the proper disconnect date. In those instances, the company credited the consumer the amount of the bill and kept service turned on.

Two disputed bill: Consumers complained 1) that company charged the customer retail rates instead of Lifeline (WTAP) rates and 2) that company overcharged for rush orders. Company credited the retail rates and future bills included the correct WTAP rate in the first instance and credited the rush order charge for the other customer.

One miscellaneous: Consumer complained they were charged the retail connection charge of \$31.00 instead of the WTAP charge of \$10.00. The Company removed and credited the \$31.00 charge.

One slamming: Company credited the billed charges.

In January, 2006, the company experienced two complaints. Only one was resolved in favor of the consumer, who claimed he had been disconnected improperly. The company agreed that service would remain on and would accept payment late.

2. Further information regarding the two officers and their specific technical and managerial experience in the telecom industry, detailing their job responsibilities, etc. If there will be others working for this company in a managerial capacity, give their experience as well.

**Response:**

Stan Efferding, Secretary/Treasurer of VCI, previously held the position of Vice President at Tel West Communications, a local exchange carrier providing service in 20 states. As Vice President at Tel West, Mr. Efferding:

- handled administration, human resources, training and supervision of the company's call center and call center staff;
- supervised billing and accounting staff;

February 16, 2006

Page 3

- supervised sales and provisioning managers;
- developed business relationships and oversaw contracts with third-party payment agents;
- resolved customer complaints with customers and state regulatory commission staff; and
- developed and implemented new product lines for residential and business customers

At VCI, Mr. Efferding shares all of the above responsibilities with Stanley Johnson, President, as well as negotiation and implementation of interconnection agreements, product development and pricing, resolution of disputes with underlying carriers and supervision of regulatory staff.

Stanley Johnson, President of VCI, holds a Masters in Business Administration, and worked in finance and accounting positions at Bayer Health Care, IBM, Americorp and Wells Fargo. Mr. Johnson has been involved with the company since its inception. As President of VCI, Mr. Johnson shares responsibility for all aspects of the company's operations and finance with Mr. Efferding, but specializes in accounting and financial analysis.

Although Mr. Efferding and Mr. Johnson share responsibility for supervising the company's call center, the day to day operations are handled by a team leadership committee made up of experienced customer service representatives, who interface with call center personnel, customers and provisioning departments of underlying carriers.

William Cardwell, IT Director, is responsible for computer security, hardware, software, networking (LAN and WAN), SQL Server maintenance and back up. Mr. Cardwell also maintains the Inter-Tel phone system, video monitoring system, fire-wall, routers and verify server. Mr. Cardwell previously was employed with numerous computer companies, including Yes Computer, where he worked as a network administrator. Mr. Cardwell is a technical sergeant with the Washington Air National Guard and has received computer operating systems training as part of his duties.

Mr. Cardwell is educated at Temple Community College in Austin, Texas, Pierce College, in Puyallup, Washington and City University, where he received in Bachelors of Science degree in Telecommunications. Mr. Cardwell currently is pursuing a Master of Science degree in Networking. Mr. Cardwell is certified in basic A+, is a Cisco certified network administration and has Cisco instruction status.

Stacey Klinzman, Regulatory Attorney, holds a Bachelor's Degree from Mount Holyoke College and a J.D. degree from University of Puget Sound School of Law. Ms. Klinzman has worked in the telecommunications regulatory arena since 1999, as a consultant and attorney. Ms. Klinzman's duties include obtaining and maintaining the company's competitive local exchange carrier certification, maintaining company tariffs and price lists, interacting with underlying carriers to obtain interconnection and commercial agreements, researching and implementing procedures in compliance with state an

February 16, 2006

Page 4

federal regulations, assisting with consumer complaint resolution and resolution of issues with underlying carriers.

3. A sample VCI Company bill.

**Response:** A sample VCI Company bill is attached as **Exhibit A**.

4. Regarding the notice of filing that is required to be served on all 18 ILECs, your Exhibit L states that, "I certify that a copy of this Notice has been served upon the following carriers via US Mail." However, there was no language in this notice to explain to the ILECs that an application to provide competing local exchange service had been filed by VCI Company. Was there a page left out of the exhibit that contained the language informing ILECs of this filing?

**Response:** Each ILEC was actually mailed a copy of the application filed with the TRA, on the date stated by the Notice. By the receipt of VCI Company's application for CCN, each ILEC was fully informed that VCI had filed an application to provide competing local exchange service.

Thank you for the opportunity to respond to the questions raised in your data request. If we can provide anything else needed for your review of VCI Company's application, please let me know.

Very truly yours,

BOULT, CUMMINGS, CONNERS & BERRY, PLC



By:

April A. Ingram

AAI/ai

February 16, 2006  
Page 5

**EXHIBIT A**  
**SAMPLE CUSTOMER BILL**

February 16, 2006  
Page 6

# VCI Company

*VCI Company*

P.O. Box 98907  
Lakewood, WA 98498  
Phone: (800) 923-8375  
Fax: (253) 475-6328

[Account Number]  
Name  
Address  
City, State, Zip

Service ID No. \_\_\_\_\_ Total Due if received by [date 15 days after mailing] \_\_\_\_\_  
Payment Due by [date 15 days after mailing] \_\_\_\_\_ Total Due if received after due date \_\_\_\_\_

<i>Service Feature</i>	<i>Price</i>	<i>Period</i>	<i>Discount</i>	<i>Line Total</i>
Connection Fee	_____	1/1/06-1/31/06	\$0.00	_____
*Free Feature Package	\$0.00	1/1/06-1/31/06	\$0.00	\$0.00
Local Phone Service	_____	1/1/06-1/31/06	\$0.00	_____

New Payment Options (details on back):

1. Credit Card over the telephone!

Monthly Service Charges \$ \_\_\_\_\_  
Sales Tax: \_\_\_\_\_

Federal Access Charge: \$0.00  
Federal Excise Tax 3.0%: \_\_\_\_\_  
*State and local taxes and surcharges  
will be itemized here*

VCI is proud to provide your area's  
Lowest Cost Telephone Service.

Monthly Service Charges: \$ \_\_\_\_\_  
Previous Balance: \$ \_\_\_\_\_  
Payments received – thank you \$ \_\_\_\_\_  
Balance Due \$ \_\_\_\_\_

Thank you for your business.

\*Free features are offered as a courtesy and are intended for normal residential usage. Usage in excess of 6 hours per day may result in removal of Features.

*Detach and mail with payment*

Service ID \_\_\_\_\_ Payment Due By [date 15 days after mailing] \$ \_\_\_\_\_  
Phone Number: \_\_\_\_\_ Total due if received by [date 15 days after mailing] \$ \_\_\_\_\_  
Total due if received after [above date] \$ \_\_\_\_\_

[Bill Date]

*VCI Company – [www.vilaire.com](http://www.vilaire.com)*

<p align="center"><b>PAYMENT METHODS:</b></p> <p><b>1. Check/Money Order in the mail to:</b> VCI Company Inc PO Box 98907 Lakewood, Wa 98498</p> <p><b>2. Credit Card over the phone</b> (Speedpay \$1.50) Call Customer Service at 1-800-923-8375 (Mon-Fri 9am to 5pm PST) TTY, 711</p> <p><b>3. MoneyGram</b> (\$5 - \$5.95 fee applied at store) a Go to WalMart, Alhertsons, Long's Drugs b Go to Customer service and ask for a BLUE Express payment form c Receive Code = 3278 Account Number = Your 10 digit phone number including area code</p> <p><b>4. ACE cash Express</b> (Washington Only) (\$1.00 Fee applied at store) Account number = 10 digit phone number M-Sat 9am-7pm</p> <p><b>5. Cash payment location</b> (No charge) 1731 S. Boone St #502 (office), Aberdeen, Wa 98520 M-F 9-5</p> <p><b>RETURNED CHECKS</b> – A returned check charge of up to \$25 will apply for each check returned for any reason. In addition, late fees may be added.</p> <p><b>LATE FEE</b> – Accounts that are not paid by the due date will be assessed a \$10 late fee. Payments received after the due date must include this fee.</p>	<p align="center"><b>NEW CUSTOMER INFORMATION:</b></p> <p>Please carefully review the services and charges on your bill to be sure your order is accurate. The services you ordered are detailed on the front of the bill. Additional information pertaining to local exchange service may be found in the consumer information guide of the local telephone directory. You may request a preferred carrier freeze to be added to your account to prevent your telephone service from being switched to another carrier without your written or oral permission. Call VCI to remove the freeze at any time.</p> <p align="center"><b>PREFERRED PAYMENT DATE:</b> (Washington Customers only)</p> <p>Having trouble paying your bill on time? You may qualify for a preferred payment date option that better matches your source of income to the due date. You will need to pay the current bill in full and show proof of all monthly income received. If you think you qualify, call customer service at 800-923-8375.</p> <p align="center"><b>DISCONNECTION / NON-PAYMENT:</b></p> <p>Basic Service, Connection fees, Taxes and surcharges that are unpaid by the bill due date can result in disconnection of service. Payment for these services in addition to a late fee and reconnection charge must be received in our office prior to reconnection of service.</p> <p align="center"><b>TAXES:</b></p> <p><b>City Occupation/Sales Tax/Special District Sales</b>– The State Legislature allows the state to impose a sales tax on monthly charges for telecommunications services and related items.</p> <p><b>Federal Access Charge</b>– This is a charged proposed and authorized by the Federal Communications Commission, for providing access to and maintenance of the local network.</p> <p><b>Federal Excise</b>– This tax is imposed directly on the customer by the Federal Government to tax services that allow the customer the ability to communicate with virtually all subscribers of the telecommunications network.</p> <p><b>State 911/Local 911</b>– This surcharge, funds the cost of providing emergency services communications systems in your community.</p> <p><b>Res Service Protection Fund</b>– This tax consists of a Telephone Assistance Fund and a Telecommunications Relay Services Fund. Each surcharge is based on exchange access lines, and is flat rated, and billed as a combined charge on the bill.</p> <p><b>Telephone Assistance Program</b>– The surcharges fund programs used to provide telecommunication services to low-income, elderly or disabled customers at reduced monthly rate.</p> <p><b>TRS Excise Funds Federal ADA</b>– This surcharge funds a statewide program to provide telecommunication services to residents who have communications disabilities, i.e., hearing or</p>	<p align="center"><b>FEATURES:</b></p> <p>VCI Company offers free features as a courtesy to those customers paying for monthly connection fees and using their phones for normal residential usage (not intended for prolonged connection to the internet or usage in excess of 5,000 minutes per month). These features are subject to removal without notice at the discretion of VCI Company. All features are determined by VCI Company Inc. and can include some or all of the following:</p> <p><b>Caller ID</b>– Let's you know who is calling before you answer the phone. Caller ID requires a display unit which VCI does not provide. "Private" or "Anonymous" are from callers who have chosen to block their name and number.</p> <p><b>Call Waiting</b>– A tone signals that another person is trying to call you when you are on the phone. You are then able to answer the second call. <u>How to use</u>: When you hear the tone press and release the receiver button on your phone. This will take you to your second call, press receiver button to get back to your original call.</p> <p><b>Call Waiting ID</b>– Has all the benefits of Caller ID and it also lets you identify your Call Waiting calls before you answer. (Requires a Special Display Unit).</p> <p><b>3-Way Calling</b>– Allows you to add a third person to your call. <u>How to use</u>: Put your first call on hold by pushing and releasing the receiver button on your phone. Wait for three brief tones and a dial tone. Make your second call. When that person answers press and release the receiver button to connect all three of you.</p> <p><b>Call Forwarding</b>– Lets you temporarily forward calls to another number you select. <u>How to use</u>: Lift up receiver press *63 and follow recorded instructions. To cancel call forwarding, lift receiver, press *83 and follow instructions.</p> <p><b>Last Call Return</b>– This allows you to get the number of the last person who called unless the number is blocked. <u>How to use</u>: Lift up receiver and press *69, listen to recording for the number.</p> <p><b>Anonymous Call Rejection</b>– You are able to block unwanted calls. <u>How to use</u>: To block unwanted calls press *60 and follow recorded instructions. To cancel Call Rejection press *80.</p> <p><b>Priority Calling</b>– You can tell by a distinctive ring when designated people are calling. <u>How to use</u>: Press *61 and follow recording. To cancel Priority Calling press *81.</p> <p><b>Continuous Redial</b>– This allows your phone to redial a busy number while you make and receive other calls. <u>How to use</u>: If you get a busy tone hang up then lift receiver, press *66. Your phone will call for up to 30 minutes and will notify you by a distinctive ring when the call is connected, to cancel press *86.</p>
<p align="center"><b>TOLL BLOCKING:</b></p> <p>A Toll block has been placed on your line in lieu of a deposit to prevent unwanted charges from appearing on your bill such as collect calls, operator assistance and long distance. VCI Company Inc. will lift toll blocking, at no charge, if you establish a direct relationship with an interexchange carrier. The interexchange carrier may require a service deposit, depending upon your credit history.</p> <p>With a \$75 deposit, VCI Company Inc. will lift toll blocking and not charge you the \$20 change order fee to perform this service, even if you do not identify a presubscribed interexchange carrier. Under this option you will not be able to place 1+ dialed toll calls.</p> <p>With a \$75 deposit, VCI Company Inc. will lift toll blocking to operator services and not charge you the \$20 change order fee to perform this service.</p>		