

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

June 4, 2007

IN RE:)	
)	
PETITION OF TELECOMMUNICATION SYSTEMS, INC)	DOCKET NO.
FOR A CCN FOR COMPETITIVE LOCAL EXCHANGE)	07-00084
CARRIER STATUS)	

**INITIAL ORDER GRANTING CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY**

This matter came before the Hearing Officer of the Tennessee Regulatory Authority (the "Authority" or "TRA") at a Hearing held on May 17, 2007, to consider the *Application for Certificate to Provide Competing Local Telecommunications Services* (the "*Application*") filed by TeleCommunication Systems, Inc. ("TCS" or "Applicant") on March 30, 2007. Specifically, the Applicant is requesting authorization to acquire and manage pseudo Automated Number Indicators ("pANI"), to own and/or operate Automated Location Information ("ALI") databases, selective routers, Emergency Services Gateways ("ESGWs") and other protocol converters, Master Street Address Guides ("MSAGs") and other telecommunications services related to E911.

Legal Standard for Granting Certificate of Public Convenience and Necessity

TCS' *Application* was made pursuant to, and was considered in light of, the criteria for granting a Certificate of Public Convenience and Necessity ("CCN") as set forth in Tenn. Code Ann. § 65-4-201 (2006), which provides, in pertinent part:

(a) No public utility shall establish or begin the construction of, or operate any line, plant, or system, or route in or into a municipality or other territory

already receiving a like service from another public utility, or establish service therein, without first having obtained from the authority, after written application and hearing, a certificate that the present or future public convenience and necessity require or will require such construction, establishment, and operation, and no person or corporation not at the time a public utility shall commence the construction of any plant, line, system or route to be operated as a public utility, or the operation of which would constitute the same, or the owner or operator thereof, a public utility as defined by law, without having first obtained, in like manner, a similar certificate . . .

* * *

(c) After notice to the incumbent local exchange telephone company and other interested parties and following a hearing, the authority shall grant a certificate of convenience and necessity to a competing telecommunications service provider if after examining the evidence presented, the authority finds:

(1) The applicant has demonstrated that it will adhere to all applicable commission policies, rules and orders; and

(2) The applicant possesses sufficient managerial, financial, and technical abilities to provide the applied for services.

* * *

Furthermore, pursuant to Tenn. Code Ann. § 65-5-112 (2004), a competing telecommunications provider is required to file with the Authority (1) a plan containing the provider's plan for purchasing goods and services from small and minority-owned telecommunications businesses; and (2) information on programs that might provide technical assistance to such businesses.

The May 17, 2007 Hearing

Pursuant to Tenn. Code Ann. § 65-4-204 (2004), public notice of the Hearing in this matter was issued by the Hearing Officer on April 27, 2007. No persons sought intervention prior to or during the Hearing. At the Hearing held on May 17, 2007, Mr. Richard Dickinson, Senior Director for Public Safety at TCS, participated in the Hearing and was subject to examination by the Hearing Officer. Mr. Dickinson submitted a copy of TCS' 2006 annual

report for inclusion in the record and elaborated on TCS' business plans in Tennessee. Specifically, TCS proposes to offer services throughout the State of Tennessee with redundant data centers, ESGWs, and selective routers that are physically located in TCS offices in Seattle, WA and Phoenix, AZ. TCS intends to offer E911 services through the use of its own facilities and/or resold facilities and may opt to locate protocol converters at Public Safety Answering Points ("PSAPs") or within other collocation facilities. TCS does not provide traditional circuit switched telephone service; however, voice grade service will be provided by TCS' selective routers and ESGWs.

According to the *Application*, Tennessee's public interest obligations and responsibilities as mandated in TRA Rule 1220-4-8-.04(3)(b) and (c) are not applicable to TCS at this time, as TCS does not propose to offer retail telephone service to individual subscribers. Upon TCS' conclusion of the presentation of its proof, the Hearing Officer granted TCS' *Application* based upon the following findings of fact and conclusions of law:

I. TeleCommunication Systems, Inc.'s Qualifications

1. TCS is a corporation organized under the laws of the State of Maryland in 1987 and was issued a certificate to transact business in Tennessee on April 12, 2005.

2. The complete street address of the registered agent for TCS, Corporate Service Company, is 2908 Poston Avenue, Nashville, Tennessee, 37203. The complete street address of TCS' corporate office is 275 West Street, Annapolis, Maryland 21401. The telephone number is (410) 263-7616.

3. The *Application* and supporting documentary information existing in the record indicate that TCS has the requisite technical and managerial ability to provide competitive access services and transport telecommunications services within the State of Tennessee. Specifically,

TCS' senior management team possesses extensive business, technical, operational and regulatory telecommunications experience.

4. TCS has the necessary capital and financial ability to provide the services it proposes to offer.

5. TCS has represented that it will adhere to all applicable statutes, policies, rules and orders of the Authority.

II. Proposed Services

TCS proposes to deploy E911 services throughout the state via Voice over Internet Protocol ("VoIP") technology which requires no physical hardware to be placed within the state. TCS will deliver E911 calls to PSAPs via broadband Internet Protocol ("IP") connections purchased by the state or by individual PSAPs from Internet Service Providers ("ISPs") of their choice. TCS proposes to offer a broad range of E911 related services to other Competitive Local Exchange Carriers ("CLECs"), Local Exchange Carriers ("LECs"), wireless carriers, VoIP Service Providers ("VSPs") and PSAPs. TCS' initial services include Mobile Positioning Center ("MPC") and VoIP Positioning Center ("VPC") functions offered to wireless carriers and VSPs. TCS has been performing MPC/VPC functions nationwide, as well as in the State of Tennessee for over eight (8) years with a cumulative reliability rate of 99.999%.¹ TCS intends to expand its service offerings to include ALI, selective routing, and all related E911 services.

Although TCS is required to obtain certification as a telecommunications provider in the State of Tennessee in order to acquire and manage pANI from authorized Routing Number Authorities as mandated by the Federal Communications Commission, TCS does not propose to

¹ *Application*, p. 3.

offer dial tone or acquire assignable, dial-able numbers. TCS provided the Authority with a Notice of Filing to all eighteen Incumbent Local Exchange Carriers ("ILECs") in Tennessee.

III. Permitting Competition to Serve the Public Convenience and Necessity

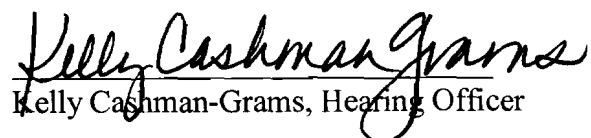
Upon a review of the *Application* and the record in this matter, the Hearing Officer finds that approval of TCS' *Application* would inure to the benefit of the present and future public convenience by permitting competition in the telecommunications services markets in the State and fostering the development of an efficient, technologically advanced statewide system of telecommunications services.

IV. Small and Minority-Owned Telecommunications Business Participation Plan and Business Assistance Program

TCS has filed a satisfactory small and minority-owned telecommunications business participation plan, pursuant to Tenn. Code Ann. § 65-5-112 (2004) and the Authority's Rules.

IT IS THEREFORE ORDERED THAT:

1. The *Application for Certificate to Provide Competing Local Telecommunications Services* filed by TeleCommunication Systems, Inc. is approved subject to the condition that should TeleCommunication Systems, Inc. offer or provide retail telephone service to individual subscribers in the future, notification will be provided to the Tennessee Regulatory Authority along with all required plans and programs, including but not limited to, Toll Dialing Parity, Numbering, Emergency Restoration, and Tennessee-Specific Operational plans; and
2. Any party aggrieved by the Hearing Officer's decision in this matter may file a petition for reconsideration within fifteen (15) days from the date of this Order.


Kelly Cashman-Grams, Hearing Officer