

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

IN RE:	November 17, 2015)	
)	
APPLICATION OF RCLEC INC. FOR AUTHORITY TO)	DOCKET NO.
PROVIDE COMPETING LOCAL EXCHANGE AND)	15-00080
INTEREXCHANGE SERVICE)	
)	

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 November 10, 2015 to consider the *Application of RCLEC, Inc. for Authority to Provide Competing Local Telecommunications Services* (the “*Application*”) filed by RCLEC, Inc. (“RCLEC” or “Applicant”) on August 28, 2015. In its *Application*, RCLEC seeks a Certificate of Public Convenience and Necessity (“CCN”) for authority to provide competing local exchange and interexchange telecommunications services in Tennessee.

LEGAL STANDARD

RCLEC’s *Application* was made pursuant to and considered in light of the criteria for granting a CCN as set forth in Tenn. Code Ann. § 65-4-201 (2015), 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 (2015), 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.

HEARING ON THE MERITS

Pursuant to Tenn. Code Ann. § 65-4-204 (2015), public notice of the Hearing in this matter was issued by the Hearing Officer on October 30, 2015. No persons sought intervention prior to or during the Hearing.

I. RCLEC'S QUALIFICATIONS

1. RCLEC is a corporation organized under the laws of the State of Delaware and was licensed to transact business in Tennessee by the Secretary of State on September 12, 2014.

2. The complete street address of the registered agent for RCLEC is Incorp Services Inc., 216 Centerview Drive, Suite 317, Brentwood, Tennessee 37027. The complete street address of the corporate office of RCLEC is 20 Davis Drive, Belmont California 94002. The

telephone number is (650) 472-4100.

3. The *Application* and information in the record indicate that RCLEC has the requisite technical and managerial ability to provide the applied for telecommunications services within the State of Tennessee. Specifically, RCLEC's senior management team possesses extensive business, technical, operational and regulatory experience.

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

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

II. PROPOSED SERVICES

RCLEC proposes to provide service in Tennessee as a wholesale competitive exchange carrier offering services to other providers. It will also provide interexchange long distance services it purchases from other carriers, but will only offer toll services in conjunction with its local exchange services.

RCLEC will initially operate in Tennessee as a wholesale carrier offering transport services to other providers. To support these services, RCLEC is currently constructing a nationwide network, which includes a core structure of transport circuits connected to high-capacity soft switches and media gateways in carrier hotels in New York, Atlanta, Miami, Los Angeles, San Jose, Vienna, Virginia, Chicago and Dallas. Customer traffic will be picked up at one of the two "super POPs" located in Virginia and California where RCLEC's equipment will be collocated with RCLEC's customers' equipment for handoff of traffic, which is then transported across RCLEC's backbone network to the appropriate switch for routing to a terminating carrier.

RCLEC will utilize high capacity trunks between ILEC and RCLEC as well as obtaining

backhaul facilities from other carriers to connect to ILEC access tandems or other points of interconnection in order to route traffic to and from Tennessee end users of RCLEC's carrier customers. RCLEC will monitor its network serving customers in Tennessee from a network operation center. To ensure the highest level of customer support, RCLEC operates a fully manned Network Operation Center (NOC) with completely certified technicians and both Level I and Level II engineering support. From the NOC, RCLEC will proactively monitor all network activities.

Furthermore, RCLEC is requesting the ability to offer wholesale competing telecommunications services to other providers on a statewide basis in locations where customer demand arises. RCLEC provides only wholesale local exchange and interexchange services to other carriers and will not serve any type of end user.

III. PERMITTING COMPETITION TO SERVE THE PUBLIC CONVENIENCE AND NECESSITY

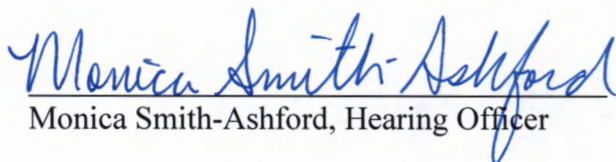
RCLEC's *Application* and its proposed services would inure to the benefit of the present and future public convenience by permitting competition in the telecommunications services markets in the State and fostering the development of an efficient, technologically advanced statewide system of telecommunications services.

IV. SMALL AND MINORITY-OWNED TELECOMMUNICATIONS BUSINESS PARTICIPATION PLAN AND BUSINESS ASSISTANCE PROGRAM

RCLEC has filed a satisfactory small and minority-owned telecommunications business participation plan, pursuant to Tenn. Code Ann. § 65-5-112 (2015) and the Authority's Rules.

IT IS THEREFORE ORDERED THAT:

1. The *Application of RCLEC, Inc. for Authority to Provide Competing Local Telecommunications Services* is approved.
2. Any party aggrieved by the Hearing Officer's decision in this matter may file a petition for reconsideration within fifteen days from the date of this Order.
3. This Initial Order shall become a Final Order of the Tennessee Regulatory Authority, if no petition for reconsideration or appeal of this Order is filed prior to the expiration of the fifteen-day appeal period.


Monica Smith-Ashford, Hearing Officer