

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Vartec)
 Telecom, Inc. for a Certificate of Public Con-)
 venience and Necessity to Provide Local) Case No. 01-2536-TP-ACE
 Exchange Telecommunication Services in the)
 State of Ohio.)

FINDING AND ORDER

The Commission finds:

(1) On October 1, 2001, as supplemented on December 5, 2001, January 23, 2002, and March 5, 2002, Vartec Telecom, Inc. (Vartec or applicant) filed an application with the Commission requesting a certificate of public convenience and necessity authorizing it to provide local and interexchange telephone service in the state of Ohio. Vartec intends to provide the proposed telephone service as both a reseller and facilities-based provider. The service area of the applicant's local exchange service will include the following Ohio counties: Adams, Athens, Belmont, Brown, Butler, Carroll, Champaign, Clark, Clinton, Columbiana, Coshocton, Cuyahoga, Delaware, Erie, Fairfield, Fayette, Franklin, Gallia, Geauga, Greene, Guernsey, Hancock, Harrison, Highland, Hocking, Jefferson, Lake, Lawrence, Licking, Lucas, Madison, Mahoning, Miami, Monroe, Montgomery, Morgan, Muskingum, Perry, Pickaway, Portage, Ross, Sandusky, Seneca, Shelby, Stark, Summit, Trumbull, Tuscarawas, Warren, Washington, Wayne, Wood, and Wyandot.

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business
 technician S. Date Processed 4/4/02

(2) On October 31, 2001, the Ohio Consumers' Counsel (OCC) filed a motion to intervene, a motion to suspend, a request for evidentiary hearing, and a statement of good cause why the application should not be granted. In its pleading, OCC stated that it has concerns with the application, including a lack of alternative access to long distance carriers, absence of a low-income assistance program, and various inconsistencies with the Minimum Telephone Service Standards.

(3) By entry issued November 30, 2001, the attorney examiner suspended automatic approval of this application so that the Commission and its staff could review this matter more thoroughly.

(4) On March 27, 2002, OCC filed a notice of withdrawal of motion to intervene. In the notice, OCC stated that Vartec has filed tariff revisions addressing OCC's concerns and that OCC is withdrawing its objections to the application.

- (5) Based on the information provided by the applicant, the Commission concludes that Vartec has the managerial, technical, and financial capabilities to provide the proposed services. Furthermore, the Commission finds that Vartec has fulfilled the requirements of Case No. 95-845-TP-COI. Accordingly, a certificate of public convenience and necessity (Certificate No. 90-9211) shall be issued to Vartec, authorizing it to provide local exchange telecommunication services in the state of Ohio.
- (6) Vartec's proposed operations qualify it as a telephone company and as a public utility, as defined in Sections 4905.02 and 4905.03(A)(2), Revised Code. Therefore, Vartec is subject to the jurisdiction of this Commission under the authority of Sections 4905.04 and 4905.05, Revised Code.
- (7) The applicant also seeks to establish rules, regulations, and rates governing its local exchange service. After inspecting the proposed tariff, as amended and supplemented, the Commission finds the tariff to be in compliance with the orders issued in Case No. 95-845-TP-COI and concludes that the tariff (No. 90-9211-TP-TRF) should be approved. The tariff shall become effective only upon the existence of an executed and operational interconnection agreement in the proposed service area. Pursuant to Local Service Guideline VI.J.2, Vartec shall notify the Commission as to the date that the first interconnection agreement is operational in its proposed service territory.
- (8) Vartec must notify the Commission of the rollout of service in its authorized local exchange service area through its annual report to the Commission and in response to an ongoing data request pursuant to an October 7, 1999 Commission Entry issued in Case No. 99-1170-TP-DTA. In fact, prior to becoming an operational local service provider, Vartec shall report to the Commission, on a quarterly basis, the progress it is making towards becoming an operational local service provider in Ohio. Once Vartec becomes an operational local service provider in Ohio, it shall report that occurrence to the Commission and also report on a quarterly basis, its progress towards providing, within 24 months, local service throughout its entire authorized local service area. In the event that Vartec does not commence operations within 24 months, the Commission will consider whether Vartec's certificate should be revoked or amended.
- (9) This finding and order does not permit Vartec to use the local services that it purchases from incumbent local exchange companies on a resale basis for resale to other local carriers.

- (10) In its application, Vartec included a request for waiver of the requirement to maintain local telephone records in accordance with the Uniform System of Accounts (USOA).

With regard to Vartec's request for a waiver of the requirement that carriers follow the USOA, the Commission opposes granting a blanket waiver on this issue. The Commission believes that such an approval would result in filings to the Commission containing a myriad of account numbering schemes and account descriptions. Under those conditions, comparisons among companies would be extremely difficult, except at aggregated levels such as revenue or income. Staff, however, has recommended partial approval of USOA waiver requests provided all of the following requirements are agreed to by the company:

- (a) The company may use its own numbering scheme for its books, provided that a translation matrix is maintained that maps the local exchange operations only between this numbering system and the USOA accounts. The purpose of the matrix is to allow a conversion from the company's chosen account numbering scheme and descriptions for the local exchange operations into USOA account numbers;
 - (b) The translation matrix shall be made available for the Commission staff's review upon request; and
 - (c) All filings with the Commission that require submission of financial information specific to local exchange operations, such as the Commission's annual report, shall utilize the translation matrix and be provided in the USOA format. To the extent the treatment under the USOA of a particular transaction or event differs from the treatment the company would otherwise apply under generally accepted accounting principles, the financial information filed with the Commission shall reflect the USOA prescribed treatment of this item. The company shall use subsidiary records, if needed, to substantiate differences between USOA-prescribed accounting and generally accepted accounting principles.
- (11) It is the Commission's understanding that Vartec has agreed to the above-listed requirements. Vartec's USOA waiver request should, therefore, be approved. The Commission, however, would emphasize that approval of this waiver is conditional

and that noncompliance by Vartec with the terms of the waiver shall operate to rescind the approval. Upon that occurrence, the company shall revert to the USOA format.

- (12) Pursuant to Rule 4901-1-24(A)(7) and (D), Ohio Administrative Code, Vartec also filed a motion for a protective order for financial information (consolidated financial statements as of December 31, 2000) set forth in Exhibit 5. The Commission finds that the motion for a protective order covering information in Exhibit 5 should be denied. There is nothing in Vartec's Exhibit 5, which is a trade secret, and disclosure of the information is consistent with the purposes of Title 49, Ohio Revised Code. Further, this exhibit contains no information of a more proprietary nature than that which may normally be submitted to the Commission under like circumstances for the certification of applicants. It is not the Commission's policy to protect historical information.

It is, therefore,

ORDERED, That the application of Vartec to provide local and interexchange telecommunication services is granted. It is, further,

ORDERED, That a certificate, 90-9211, be issued to Vartec authorizing it to provide interexchange services throughout Ohio and to provide local exchange telecommunication services within 24 months of this finding and order in the following Ohio counties: Adams, Athens, Belmont, Brown, Butler, Carroll, Champaign, Clark, Clinton, Columbiana, Coshocton, Cuyahoga, Delaware, Erie, Fairfield, Fayette, Franklin, Gallia, Geauga, Greene, Guernsey, Hancock, Harrison, Highland, Hocking, Jefferson, Lake, Lawrence, Licking, Lucas, Madison, Mahoning, Miami, Monroe, Montgomery, Morgan, Muskingum, Perry, Pickaway, Portage, Ross, Sandusky, Seneca, Shelby, Stark, Summit, Trumbull, Tuscarawas, Warren, Washington, Wayne, Wood, and Wyandot. It is, further,

ORDERED, That Vartec's tariff (90-9211-TP-TRF), as filed on December 5, 2001, and as amended and supplemented on January 23, 2002 and March 5, 2002, is hereby approved. The earliest effective date of the approved tariff shall be the date upon which Vartec has an executed and operational interconnection agreement covering the service area and has filed with the Commission three copies of the approved tariff, along with approved price lists. The tariff shall be effective for services rendered on or after such effective date. It is, further,

ORDERED, That Vartec shall notify the Commission of the rollout of service in its authorized service territory in accordance with finding (8) above. It is, further,

ORDERED, That Vartec's motion for waiver of the USOA accounting requirement is granted in accordance with Finding (11). It is, further,

ORDERED, That Vartec's motion for a protective order with respect to Exhibit 5 is denied. It is, further,

ORDERED, That nothing in this finding and order shall be binding upon this Commission in any subsequent investigation or proceeding involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

ORDERED, That a copy of this finding and order be served upon Vartec, and all interested persons of record.

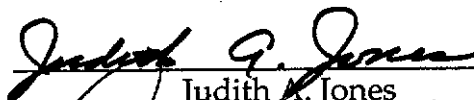
THE PUBLIC UTILITIES COMMISSION OF OHIO



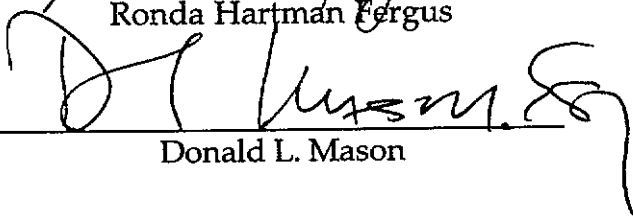
Alan R. Schriber, Chairman



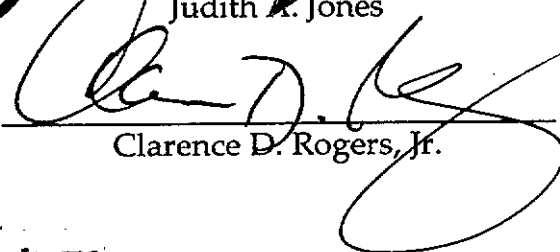
Ronda Hartman Fergus



Judith A. Jones



Donald L. Mason



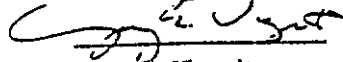
Clarence D. Rogers, Jr.

KKS/vrm

Entered in the Journal

APR 4 - 2002

A True Copy



Gary E. Vigorito
Secretary