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BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)
Essential.com, Inc. for a Certificate of)
Public Convenience and Necessity to)
Provide Local Exchange Telecommunication)
Services in Ohio.)

Case No. 99-1583-TP-ACE

ENTRY

The Commission finds:

- (1) On December 3, 1999, as amended on January 25, and January 28, 2000, Essential.com, Inc. (Essential or applicant) filed an application for authority to provide local telecommunication services in the state of Ohio pursuant to the guidelines issued in Case No. 95-845-TP-COI, *In the Matter of the Commission Investigation Relative to the Establishment of Local exchange Competition and Other Competitive Issues* (95-845). As part of its application, Essential sought approval of its proposed tariff, which would establish rules, regulations, and rates governing the proposed services.
- (2) Pursuant to the automatic timeframes established in 95-845, Essential's application and tariff were approved to be effective February 2, 2000. However, as part of its application, Essential requested a waiver of the requirement to maintain local telephone records separate and apart from any other accounting records in accordance with the Uniform System of Accounts (USOA).
- (3) With regard to Essential's request for a waiver of the requirement that carriers follow the USOA, the Commission notes that we oppose 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.

It is the Commission's understanding that Essential has agreed to all of the above-listed requirements. The Commission, therefore, adopts staff's recommendation and approves Essential's USOA waiver request. The Commission, however, would emphasize that approval of this waiver is conditional and that noncompliance by Essential with the terms of the waiver shall operate to rescind our approval. Upon that occurrence, the company shall revert to the USOA format.

- (4) Essential'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, Essential is subject to the jurisdiction of this Commission under the authority of Sections 4905.04 and 4905.05, Revised Code.

- (5) Essential 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 as amended on February 10, 2000, issued in Case No. 99-1170-TP-DTA, *In the Matter of the Commission's Collection of Data with Respect to the Provision of Service by New Entrant Carriers*. In fact, prior to becoming an operational local service provider, Essential shall report to the Commission, on a quarterly basis, the progress it is making towards becoming an operational local service provider in Ohio. Once Essential 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 Essential does not commence operations within 24 months, the Commission will consider whether Essential's certificate should be revoked or amended.
- (6) Furthermore, this finding and order does not permit Essential to use the local services that it purchases from incumbent local exchange companies on a resale basis for resale to other local carriers.

It is, therefore,

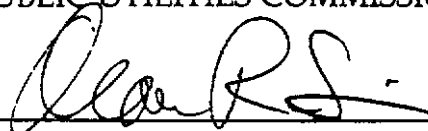
ORDERED, That Essential's request for a waiver of the USOA requirement is granted pursuant to finding 3. It is, further,

ORDERED, That Essential shall notify the Commission of the rollout of service in its authorized service territory in accordance with finding 5. 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 entry be served upon Essential, its counsel, and any other interested persons of record.

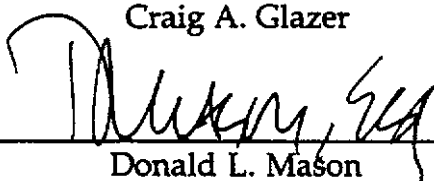
THE PUBLIC UTILITIES COMMISSION OF OHIO



Alan R. Schriber, Chairman



Ronda Hartman Fergus

Craig A. Glazer



Donald L. Mason

Judith A. Jones

GNS/vrh

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A True Copy



Gary E. Wgorito
Secretary

SERVICE NOTICE

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CASE NUMBER 99-1583-TP-ACE
CASE DESCRIPTION ESSENTIAL.COM, INC.
DOCUMENT SIGNED ON February 17, 2000
DATE OF SERVICE 2-18-00

PERSONS SERVED

PARTIES OF RECORD

ATTORNEYS

APPLICANT

ESSENTIAL.COM, INC.
THREE BURLINGTON WOODS DRIVE
4TH FLOOR
BURLINGTON, MA 01803

ERIC J. KRATHWOHL
RICH, MAY, BILODEAU & FLAHERTY P.C.
175 FEDERAL STREET
BOSTON, MA 02110-2223