

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Vanco Direct USA, LLC :
 : **05-0408**
Application for Certificate to Become a :
Telecommunications Carrier. :

ORDER

By the Commission:

On June 29, 2005, Vanco Direct USA, LLC, Inc. (“Applicant” or “Vanco”), filed a verified application with the Illinois Commerce Commission (“Commission”) pursuant to Section 13-404 for a Certificate of Service Authority to provide resold local and interexchange telecommunications services in Illinois.

Pursuant to notice given in accordance with the rules and regulations of the Commission, this matter came on for hearing before a duly authorized Administrative Law Judge of the Commission at its offices in Chicago, Illinois on August 4, 2005. Applicant presented the testimony of Theodore F. Raffetto, its Chief Executive Officer. Karen Chang of the Telecommunications Division appeared for Commission Staff. At the conclusion of the hearing on August 4, the record was marked “Heard and Taken”.

Applicant’s Position

Applicant, a Delaware limited liability company authorized to transact business in Illinois, seeks to provide resold local and interexchange telecommunications services. Applicant submitted evidence that it has the requisite technical, financial, and managerial qualifications to provide the services set forth in its application. It provided the professional backgrounds of its key personnel to demonstrate that they have sufficient business and telecommunications experience to support the services Applicant will offer in Illinois. Applicant also provided the 2004 Report and Financial Statement of its affiliate, Vanco UK Limited, and stated that the affiliate’s resources would be available to sustain Applicant’s operation in Illinois. Mr. Raffetto testified that Applicant would provide some of its own technical support and would contract for such support as needed. He also stated that Applicant would adhere to all federal and state laws and regulations pertaining to slamming and cramming and it would maintain its books and records at its offices in Illinois.

Staff's Position

Staff stated that it had reviewed Vanco's application and supporting documentation and based on that review, recommended that the application be approved.

Applicant has requested that the Commission make certain declarations and grant certain waivers of the requirements of the Public Utilities Act and from the rules and regulations of the Commission. The services Applicant proposes to provide will be competitive telecommunications services as described in Section 13-502(b) of the Act. Petitioner is required to file a tariff with the Commission under Section 13-501 of the Act describing the nature of its service, the applicable rates and charges, and the terms and conditions of the service provided. If Applicant files the required tariff in compliance with Section 13-502(e) of the Act and the rules adopted thereunder in 83 Ill. Adm. Code 745, many provisions of the Act as well as the regulations adopted by the Commission in Title 83 of the Illinois Administrative Code will be inapplicable to the Applicant.

For local and interexchange service, Applicant should be granted pursuant to Section 13-402 of the Act, a waiver of 83 Ill. Adm. Code, Part 710, the requirement to keep books and records in accordance with the Uniform System of Accounts, in order to reduce the economic burdens of regulation on a telecommunications carrier which provides only competitive services. For local service, Applicant should also be granted a variance from Part 735.180. Applicant will contract with underlying carriers to include Applicant's customer listings in their directories. For interexchange service, Applicant should further be granted a waiver of Part 735, governing credit, billing deposits, and termination of service, for the reasons stated hereinabove.

The Commission, having considered the entire record herein and being fully advised in the premises, is of the opinion and finds that:

- (1) Vanco Direct USA, LLC, a Delaware limited liability company authorized to transact business in Illinois, seeks a Certificate of Service Authority to provide resold local and interexchange telecommunications services in Illinois;
- (2) the Commission has jurisdiction over the Applicant and the subject matter herein;
- (3) as required by Section 13-404, Applicant possesses sufficient technical, financial and managerial resources to provide resold local and interexchange services in Illinois;
- (4) Applicant should file with the Commission a tariff consisting of its rates, rules and regulations in accordance with Sections 13-501 and 13-502 of the Act, to be effective upon proper filing, before commencing service;

- (5) with regard to Applicant's provision of local exchange service, Applicant should be granted a variance from the requirements of 83 Ill. Adm. Code 735, Section 735.180, regarding publication of local directories, as it will contract with the incumbent local exchange carrier to include Applicant's customer listings within those directories;
- (6) with regard to Applicant's provision of local and interexchange service, Applicant should be granted a waiver from 83 Ill. Adm. Code 710, the Uniform System of Accounts for Telecommunications Carriers, as long as Applicant maintains its accounting records in accordance with Generally Accepted Accounting Principles and at a level of detail substantially similar to the accounting system which it currently uses pursuant to its Chart of Accounts, and in sufficient detail to comply with all applicable tax laws;
- (7) with regard to Applicant's provision of interexchange services, Applicant should further be granted a waiver of Part 735, governing credit, billing deposits, and termination of service;
- (8) Applicant should establish books of account such that revenues from its telecommunications services, subject to the public utility revenue tax, are segregated from the revenues derived from other business activities not regulated by the Commission.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that Vanco Direct USA, LLC be, and is hereby, granted a Certificate of Service Authority pursuant to Section 13-404 of the Act for the resale of local and interexchange telecommunications services in Illinois.

IT IS FURTHER ORDERED that the Certificate of Service Authority hereinabove granted shall be the following:

CERTIFICATE OF SERVICE AUTHORITY

IT IS HEREBY CERTIFIED that Vanco Direct USA, LLC is authorized, pursuant to Section 13-404 of the Public Utilities Act, to provide resold local and interexchange telecommunications services within the State of Illinois.

IT IS FURTHER ORDERED that Applicant file with this Commission a tariff consisting of its rates, rules and regulations, to be effective upon proper filing before commencing service.

IT IS FURTHER ORDERED that 83 Ill. Adm. Code Parts 710, 735.180 and 735 be, and are hereby, waived as set forth in Findings (5), (6), and (7) hereinabove.

IT IS FURTHER ORDERED that as a condition of these Certificates, Vanco Direct USA, LLC be and is hereby, directed to establish books of account such that revenues from its telecommunications services, subject to the public utility revenue tax, are segregated from the revenues derived from other business activities not regulated by the Commission.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By Order of the Commission this 28th day of September, 2005.

(SIGNED) MARTIN R. COHEN

Chairman