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Broadview Networks, Inc.

CHIEF CLERK'S OFFICE

Application for a Certificate of
Interexchange and
Local Exchange Service Authority to
Operate as a Provider of
Resold and Facilities-Based
Telecommunications Services
Within the State of Illinois

Docket No. 00-0202

APPLICATION

Broadview Networks, Inc. ("Applicant" or "Broadview Networks"), pursuant to Sections 13404 and 13405 of the Illinois Public Utilities Act, makes this its Application to the Illinois Commerce Commission (the "Commission") for a Certificate of Interexchange and Local Exchange Service Authority to operate as a provider of resold and facilities-based interexchange and local exchange telecommunications services within the State of Illinois. In support of its Application, Applicant provides the following information:

1. Applicant's legal name, address of its principal place of business, and phone number at its principal place of business are as follows:

Broadview Networks, Inc.
45-18 Court Square, Suite 403
Long Island City, NY 11103
(718) 707-8800

2. Any questions regarding this Application should be directed to:

Lance J.M. Steinhart, Esq.
6455 East Johns Crossing
Suite 285
Duluth, Georgia 30097
(770) 232-9200

Notices, orders, and other papers may be served upon Applicant's above-named attorney and such service shall constitute service upon Applicant.

DESCRIPTION OF THE BUSINESS

1. Broadview Networks is incorporated and in good standing in the State of New York. Broadview Networks is qualified to do business in the State of Illinois. See Exhibits III and IV attached hereto. Broadview Networks, Inc. is a wholly owned subsidiary of Broadview Network Holdings, Inc.

2. Broadview Networks currently provides resold and facilities-based interexchange and local exchange telecommunications service in New York and Massachusetts. Broadview Networks intends to provide interexchange and local exchange services in the State of Illinois, initially on a resold basis utilizing the facilities of incumbent local exchange carriers, primarily Ameritech, and underlying facilities-based interexchange carriers, initially Frontier Communications/Global Crossing. Broadview Networks may in the future provide facilities-based service. Broadview Networks intends to market its telecommunications service primarily to small to medium sized businesses.

3. Broadview Networks initially will not construct any new

facilities in the State of Illinois to implement the authority sought from the Commission in this Application.

4. Applicant submits the following exhibits in support of its Application:

Exhibit I: Prefiled Direct Testimony of Scott Matukas demonstrating Broadview Network's financial, managerial and technical ability to provide service.

Exhibit II: Broadview Holdings' Financial Statements.

Exhibit III: BNI' Articles of Incorporation

Exhibit IV: BNI' Certificate of Authority to Transact Business in the State of Illinois.

5. The information contained in this Application and the exhibits attached hereto fully describe Applicant's business and its ability to provide end users and customers within the State of Illinois with a viable and economical alternative telecommunications service.

APPLICANT'S ARGUMENTS IN SUPPORT
OF ITS APPLICATION

1. Applicant submits the following reasons in support of its belief that the public interest will be served by the approval of this Application:

(a) Applicant's proposed service will use existing telecommunications more efficiently.

(b) The principle of competition within the State of Illinois intrastate telecommunications market will bring the following long term benefits to Illinois end users:

(i) high quality alternative telecommunications services;

(ii) state-of-the-art telecommunications equipment;

(iii) increased consumer choice in billing options;

(iv) efficient use of existing telecommunications resources as well as increased diversification and increased reliability of the supply of the telecommunications services;

(v) an additional source of tax revenue for the State of Illinois.

2. Applicant's provision of interexchange and local exchange service to subscribing customers will not only provide a useful service to the public, it will promote, through competition, the more efficient use of the interexchange and local exchange telephone networks.

MISCELLANEOUS STATEMENTS

1. Through this Application and the exhibits attached hereto, Broadview Networks demonstrates that it has the technical, managerial, and financial abilities and resources to provide local exchange telecommunications services within the State of Illinois for the benefit of the public.

2. Upon the Commission's granting of the Certificate of Local Exchange Authority applied for in this Application, Applicant is prepared to file a tariff setting out the proposed services and charges offered within the State of Illinois by the Applicant.

3. Applicant hereby requests that the Commission consider this Application on an ex parte basis. Upon the request of the Commission, Applicant is prepared to answer questions or present additional testimony or other evidence about its services provided to telephone users within the State of Illinois.

4. Applicant is prepared to provide a copy of this Application to' any potential competitor, governmental entity, or interested party requesting a copy, and to any persons that the Commission directs by order or by rule.

5. In the event that the Commission requires a hearing on this Application, Applicant requests interim authority to operate those services which are not contested.

6. Applicant further specifically seeks waiver of the following provisions of the Illinois Administrative Code:

(a) 83 Administrative Code, Chapter I, Subchapter f: Part 710, Uniform System of Accounts for Telecommunications Carriers.; and

(b) 83 Administrative Code, Chapter I, Subchapter f: Part 735.180, Directories.

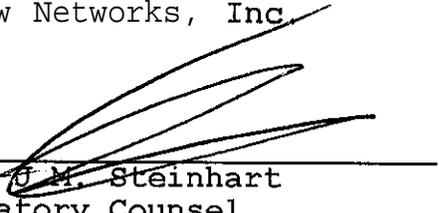
7. Applicant further requests the Commission's permission to keep its books and records in the State of New York at its principal place of business.

WHEREFORE, Broadview Networks, Inc., prays that the Illinois Commerce Commission grant it a Certificate of Local Exchange and Interexchange Service Authority to provide competitive telecommunications services within the State of Illinois.

Respectfully submitted this 20 day of May, 2000, at Springfield, Illinois.

Broadview Networks, Inc.

By:


Lance M. Steinhart
Regulatory Counsel

VERIFICATION OF APPLICANT

I, Scott Matukas, am the Vice President of Administration for Broadview Networks, Inc., the Applicant. I verify that, based upon information and belief, I have knowledge of the statements in the foregoing Application, and I declare that they are true and correct.


Scott Matukas

SWORN TO BEFORE ME, the undersigned Notary Public on this 29th day of FEBRUARY, 2000.

State of New York
County of Queens


Notary Public

Print or type name Angelo Incorvaia

My commission expires: 11-04-00

ANGELO INCORVAIA
Notary Public, State of New York
No. 01N5068466
Qualified in Nassau County
Certificate Filed in New York County
Commission Expires Nov. 4, 2000

LIST OF EXHIBITS

- Exhibit I: Prefiled Direct Testimony of Scott Matukas demonstrating Broadview Networks' financial, technical and managerial ability to provide service.
- Exhibit II: Broadview Holdings' Financial Statements.
- Exhibit III: BNI' Articles of Incorporation
- Exhibit IV: BNI' Certificate of Authority to Transact Business in the State of Illinois.

EXHIBIT I

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Broadview Networks, Inc. :
 :
Application for a Certificate of :
Local Exchange and :
Interexchange Service Authority to :
Operate as a Provider of Case No _____
Resold and Facilities-Based
Telecommunications Services
Within the State of Illinois

PREFILED DIRECT TESTIMONY
OF
SCOTT MATUKAS

1. Q. Please state your name and business address.
A. Scott Matukas, 45-18 Court Square, Suite 403, Long Island City, NY 11101.
2. Q. By whom are you employed, and what is your position?
A. I am the Vice President of Administration of Broadview Networks, Inc. ("Broadview Networks" or "BNI").
3. Q. Please describe your management experience.
A. My relevant experience, as well as other members of Broadview Networks' management team, is set forth on Exhibit A attached hereto.

4. Q. What is the purpose of your testimony?

A. The purpose of my testimony is:

- (1) to describe Broadview Networks' business and to demonstrate Broadview Networks' financial and managerial ability to provide high quality, competitively priced, telecommunications services;
- (2) to describe how Broadview Networks will provide its services to customers and end users and to demonstrate Broadview Networks' technical ability to provide telecommunications services within the State of Illinois; and
- (3) to describe how Broadview Networks will provide service and comply with UTAC/ITAC, 9-1-1, and accounting requirements and policies of the Commission.

5. Q. Please describe Broadview Networks' business.

A. Broadview Networks is a New York corporation. BNI was incorporated in New York on June 25, 1991 as Briar Joy Development Company and changed its name to Broadview Networks, Inc. on October 5, 1999. The company is a wholly owned operating subsidiary of Broadview Networks Holdings, Inc., a privately held corporation ("Broadview Holdings"). Broadview Network's current business and network plans call for market entry via resold LEC and IXC facilities. When customer demand warrants, Broadview Networks will provide the LEC services via the installation of Nortel DMS 500 local switching platform and utilize a combination of self and third party provided network elements (e.g., interoffice transport, unbundled loops). Broadview Networks is currently providing resold and facilities-based interexchange and local exchange service in New York and Massachusetts. Broadview Networks intends to market its telecommunications service primarily to small to medium sized businesses. Broadview Networks' prices for local exchange service will be competitive with other incumbent local exchange carriers ("LECs") and its prices for interexchange service will be competitive with AT&T Communications of Illinois, Inc.'s prices.

6. Q. In what state is Broadview Networks incorporated?
- A. New York. A copy of Broadview Networks' Articles of Incorporation is attached as Exhibit III to Broadview Networks' Application.
7. Q. Is Broadview Networks certified to do business in Illinois?
- A. Yes. A copy of Broadview Networks' Certificate of Authority is attached as Exhibit IV to Broadview Networks' Application.
8. Q. Describe Broadview Networks' financial ability to provide the proposed services.
- A. Copies of Broadview Holdings' Consolidated Financial Statements for the years ended December 31, 1997 and December 31, 1998 respectively, and for the nine month period September 30, 1999, are attached as Exhibit II to Broadview Networks' Application.
9. Q. Who are the officers of Broadview Networks?
- | | |
|-------------------|-------------------------------------|
| A. Vern Kennedy | President |
| Terrence Anderson | Executive VP, Treasurer & Secretary |
| Tracy Korman | Executive VP, Marketing & Sales |
| Eric Roden | Chief Operating Officer |
| Scott Matukas | VP Administration |
| Peter Maher | VP Sales |
10. Q. Describe Broadview Networks' management team.
- A. Broadview Networks' management team is described in Exhibit A that is attached hereto.

11. Q. In your opinion, does Broadview Networks have the financial and managerial resources necessary to provide the proposed telecommunications services in the State of Illinois?
- A. Yes. In my opinion, Broadview Networks has the necessary financial and managerial resources to provide the proposed telecommunications services in the State of Illinois.
12. Q. What rates will Broadview Networks charge for its services?
- A. The cost of local exchange service will depend upon finalization of interconnection and/or resale agreements with the LECs. The cost of interexchange calls will depend upon the distance/duration and/or time of day of calls. The company will initially provide long distance service at a flat rate per minute. Broadview Networks intends to price its services competitively with the incumbent LECs' and interexchange carriers' rates for the same services.

13. Q. Does Broadview Networks intend to file a tariff in Illinois?
- A. Yes. Broadview Networks will file a tariff upon a grant of certification by the Illinois Commerce Commission.
14. Q. Can you describe the technical aspects and services of Broadview Networks' proposal in its Application?
- A. Yes. Broadview Networks plans to initially offer local exchange services to business customers located in Ameritech's service territories in Illinois. Interexchange service will be offered on a statewide basis. Services to be offered include, but will not be limited to:
- * Basic Business Exchange Services
 - * Business Customer Calling and Class Features
 - * Adjunct Provided Features (voice messaging, etc.)
 - * Business Ancillary Services (911, E911, 411, Relay Service, directory listing, directory assistance, etc.)
 - * Inside Wire Arrangements
 - * Wire Maintenance Plans
 - * Repair and Maintenance
 - * Centrex
 - * ISDN
 - * Assignment of new numbers, Number Portability
 - * AIN Provided Features
 - * DID Trunks and Lines
 - * Analog and Digital Private Lines
 - * Internet Access

- * Interfaces to LEC Switches
- * Private Line Services
- * Frame Relay Services
- * Long distance Services, including outbound 1+ and 1010XXX, inbound toll-free (800/888/877), prepaid and post paid calling cards. The company does not intend to provide operator services.

In addition to the services listed above, Broadview Networks, through interconnection with other carriers, will offer dual-party relay services, 9-1-1 Emergency Services, directory assistance and operator assisted calls, lifeline, and toll-free calling.

15. Q. Does Broadview Networks possess sufficient managerial and technical resources and qualifications to provide all of the services requested in its Application to provide local exchange and interexchange services in Illinois?
- A. Yes. The senior management of Broadview Networks have great depth in the telecommunications industry and offer extensive technical and managerial expertise to Broadview Networks pertaining to the telecommunications business. Broadview Networks proposes to offer statewide interexchange service and basic local exchange service within the service areas of Ameritech or other incumbent LECs. Furthermore, since initially Broadview Networks will be reselling services utilizing the facilities of incumbent LECs such as Ameritech, and interexchange facilities-based carriers such as Frontier/Global Crossing, technical expertise and quality of service should be assured.
16. Q. What facilities will Broadview Networks use to provide the proposed telecommunications services in Illinois?
- A. Broadview Networks initially plans to provide local exchange services through resold facilities from incumbent local exchange carriers, initially Ameritech, and plans to offer resold interexchange services utilizing Qwest Communication's network.

17. Q. Is Broadview Networks' Application consistent with serving the public interest in the provision of telecommunications customers?
- A. Absolutely. The Commission's grant of this certificate is in the public interest because business consumers of telecommunications services in Ameritech's service territory will receive increased choice, improved quality of service, and heightened opportunities to obtain improved technology. Market incentives for new and old telecommunications providers in Illinois will be improved greatly through an increase in the diversity of suppliers and competition within the interexchange and local exchange telecommunications market. Consistent with the Commission's intent to aid in the development of a competitive telecommunications environment in Illinois, the granting of a certificate of authority to provide interexchange and local exchange service will offer increased efficiency to the State's telecommunications infrastructure through greater reliability of services and an increase in competitive choices.

18. Q. Who will be providing local exchange access to services typically supplied by incumbent carriers?
- A. Local exchange provision of service including Directory Assistance, 9-1-1 Emergency Assistance, Emergency Interrupt Service (given significant market demand), and Busy Line Verification (given significant market demand) will be supplied through arrangements with the incumbent LEC, Ameritech.
19. Q. How is the end user billed?
- A. The end users will be billed directly by Broadview Networks.
20. Q. How will Broadview Networks handle emergency calls, including 911 calls?
- A. Emergency calls such as 911 call will be handled by the LEC's network.
21. Q. In your opinion, does Broadview Networks have the technical ability and resources necessary to provide the proposed telecommunications services to customers in the State of Illinois?
- A. Yes. In my opinion, Broadview Networks has the necessary technical ability and resources to provide telecommunications service to customers within the State of Illinois.

22. Q. Will you please provide the name, address and telephone number of the person that will serve as your company's contact to the Consumer Service Division for complaint resolution?

A. Steve Andreassi
45-18 Court Square, Suite 403
Long Island City, NY 11101
800-260-8765

23. Q. Will the company comply with 83 Illinois Administrative Code Part 772.55 a) 1) "Billing" and 772.100 d) "Notices"? Will the company provide a copy of a customer's bill and final notice to the Commission Staff to ensure compliance with this Part?

A. No. The company will block such calls.

24. Q. Will the company follow the regulations as prescribed in 83 Illinois Administrative Code Part 705, "Preservation of Records of Telephone Utilities"?

A. Yes.

25. Q. Will the company comply with Il. Adm. Code Part 735 "Procedures Governing the Establishment of Credit, Billing, Deposits, Termination of Service and Issuance of Telephone Directories for Telephone Utilities in the State of Illinois"?

A. Yes. The company will request a variance of Part 735.180 requiring the company to publish directories. Customers will be published in a directory through Ameritech.

26. Q. Will the company contract with the incumbent LEC for directory services or provide its own directory?
- A. The company will contract with the incumbent LEC for directory services.
27. Q. Will your company have repair people in Illinois?
- A. No. The company intends to rely upon the incumbent LEC for which it will resell service for repair and maintenance. The company initially intends to provide resold non-facilities based service.
28. Q. Will the company sign and return to the Universal Telephone Assistance Corporation (UTAC) and the Illinois Telecommunications Access Corporation (ITAC) all of the necessary membership forms in a timely manner?
- A. Yes. The company expects to file prior to certification.
29. Q. Will the company meet the requirements of Sections 13-301, 13-301.1, and 13-703 of the Public Utilities Act?
- A. Yes.
30. Q. Will the company follow the regulations as prescribed in 83 Illinois Administrative Code Part 755, "Telecommunications Access for Persons with Disabilities"; Part 756, "Telecommunication Relay Service"; and Part 757, "Telephone Assistance Programs"?
- A. Yes.

31. Q. Will the company collect and remit to ITAC the line charge amount collected monthly from all telephone subscribers for the TTY Equipment Loan Program and Telecommunications Relay Service?

A. Yes. The company will collect and remit such charges either directly or through its underlying LEC subject to the terms of its resale/interconnect agreement.

32. Q. Will the company solicit, collect and remit to UTAC the voluntary contributions collected monthly from its telephone subscribers to support the Universal Telephone Service Assistance Program (UTSAP)?

A . Yes.

33. Q. Has the company ever provided service under any other name?

A. No.

34. A. Have any complaints or judgments been levied against the company? (Instate or out of state).

Q. No formal complaints or judgments have been levied against the company by any regulatory authority.

35. Q. How does your company plan to solicit customers?
- A. The company intends to employ various forms of advertising including mass media (television, radio, print), US Mail, Internet and telemarketing efforts. Additionally, the company will utilize a direct sales force where customer accounts warrant.
36. Q. Please provide a copy of your company's written guidelines to prevent unauthorized "slamming" of local exchange customers?
- A. Since the company has yet to begin operations as a local exchange service provider, no written guidelines exist at this time, however, upon completion of such guidelines, the company will provide a copy to the Commission if it desires. The company does intend to obtain a written letter of authorization from all customers prior to commencing local exchange or interexchange service.
37. Q. Is your company prepared to handle 9-1-1 service pursuant to the Emergency Telephone Systems Act, 83 Illinois Administrative Code Part 725 and Part 720?
- A. Yes. Since the company will be reselling services provided by the incumbent LECs, 9-1-1 service will actually be provided by the incumbent LECs. The company's customers will receive the same quality of 9-1-1 service that is currently offered by the LECs.

38. Q. Will your company coordinate with the incumbent LEC(s) and local 9-1-1 systems to minimize obstacles and provide transparent service to the end-users? Will there be any additional call setup time? Will there be any costs associated with the transition charged to the 9-1-1 systems?
- A. Yes. 9-1-1 service should be transparent to end-users. All setup times and costs associated with transmission should be passed through from the LEC to the company to the company's customers.
39. Q. Does your company intend to bill each 9-1-1 system for features associated with 9-1-1, i.e. building and management of database; selective routing; networking and dedicated trunks? If so, how will these costs be determined?
- A. All costs which are billed to end-users will be determined by the LEC pursuant to the terms of the company's resale/interconnection agreements with the LECs.
40. Q. If contracting with the incumbent LEC to provide 9-1-1 service, how are the inter-machine trunk lines, from your company's switch to the incumbent LEC switch, envisioned to be charged to the 9-1-1 system?
- A. Since the company will initially provide non-facilities based service utilizing LEC facilities, all lines and facilities will be provided by the LECs.

41. Q. Will your company file tariffs for all services and charges associated with 9-1-1 if any?
- A. Yes.
42. Q. Who will be responsible for building and maintaining the 9-1-1 database for your customers? How often will updates be performed on the 9-1-1 database?
- A. The LEC will be responsible for building and maintaining the 9-1-1 database for the company's customers. The company will provide updated customer information to the LECs and update on a daily basis.
43. Q. Does your company have procedures for the transitioning of 9-1-1 surcharge collection and dispersement to the local 9-1-1 system?
- A. All procedures for the transitioning of 9-1-1 surcharge collection and dispersement to the local 9-1-1 system will be established by the LEC and set forth in the company's resale/interconnection agreements with the LECs.
44. Q. Will your company's proposal require any network changes to any of the 9-1-1 systems?
- A. No.

45. Q. Will your company's customers receive the same quality of 9-1-1 service that is currently offered from the incumbent LECs.
- A. Yes. The company's customers will receive the same quality of 9-1-1 service that is currently offered by the incumbent LECs.
46. Q. Will you be able to meet the requirement under section 725.500, o. for call boxes?
- A. Yes. This requirement should be met by the LECs.
47. Q. Please provide the name and telephone number of the person who will serve as your 9-1-1 company's contact.
- A. Steve Andreassi
45-18 Court Square, Suite 403
Long Island City, NY 11101
718-706-0921
48. Q. Please provide the Chart of Accounts and any manuals or procedures that describe the accounting system currently in use by Broadview Networks, Inc.
- A. See the attached Chart of Accounts.

49. Q. Does the accounting system currently in use by Broadview Networks, Inc. provide sufficiently detailed data for the preparation of Illinois Gross Receipts Tax returns? What specific accounts or sub-accounts provide this data?

A. Yes. The company's accounting system will provide sufficiently detailed data for the preparation of Illinois Gross Receipts Tax returns. The data to prepare such returns is obtained from billing information from the company's underlying carriers or its own switching equipment. Any local revenues will be obtained from the LECs which services are resold by the company. See attached Chart of Accounts.

50. Q. Will Broadview Networks, Inc. maintain its records in sufficient detail to facilitate the calculation of all applicable taxes?

A. Yes.

51. Q. Please describe the existing peculiarities or unusual circumstances that Broadview Networks, Inc., believes warrant a departure from a prescribed procedure or technique required by Part 710.

A. To comply with Part 710, the basic accounting system utilized for all states, either local or interexchange, would have to be modified.

52. Q. Please explain how the application of the accounting system currently in use by Broadview Networks, Inc., will maintain or improve uniformity in substantive results as among telecommunications companies.

A. The application of the company's accounting system is in accordance with GAAP and allows the company to file all required reports with the Commission and the Department of Revenue, therefore, the system should at a minimum maintain uniformity of results as among telecommunications companies.

53. Q. Does Broadview Networks, Inc., agree that the requested waiver of Part 710 will not excuse it from compliance with future Commission rules or amendments to Part 710 otherwise applicable to the Company?
- A. Yes.
54. Q. Are you familiar with the term slamming, and if so, what will your company do to prevent slamming?
- A. Yes, I am familiar with the term and the meaning of slamming. Our company will take all necessary measures in order to prevent slamming, including attempting to get a signed letter of agency from all presubscribed customers prior to commencing service, and all marketing will be done in accordance with all applicable state and federal regulations.
55. Q. Does this conclude your testimony?
- A. Yes.

STATE OF NEW YORK

COUNTY OF QUEENS

AFFIDAVIT

I, Scott Matukas, first being duly sworn upon oath depose and say that I am the Vice President of Administration for Broadview Networks, Inc., the Applicant, and that I have read the above and foregoing prefiled testimony by me subscribed and know the contents thereof, which testimony was filed in support of Broadview Networks, Inc.'s Application for a Certificate of Interexchange and Local Exchange Service Authority to Operate as a Provider of Resold and Facilities-Based Telecommunications Services within the State of Illinois; that said contents are true in substance and in fact, except as to matters stated upon information and belief, and as to those, I believe the same to be true.

Scott Matukas
Scott Matukas
Vice President of Administration

Sworn to and subscribed before me
this 29 y o f FEBRUARY, 2000.

Notary Public *Angelo Incorvaia*

My Commission Expires: 11-04-00

ANGELO INCORVAIA
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No. 01N5068466
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