

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Neo Network Development, Inc.	:	
	:	
Application for a certificate of local and	:	
interexchange authority to operate as a	:	15-0433
reseller and/or facilities based carrier of	:	
telecommunications services in the State	:	
of Illinois.	:	

ORDER

By the Commission:

On July 23, 2015, Neo Network Development, Inc. ("Applicant" or "Neo Network") filed a verified application with the Illinois Commerce Commission ("Commission") for a Certificate of Interexchange Service Authority to provide facilities-based interexchange telecommunications services pursuant to Section 13-403 of the Illinois Public Utilities Act ("Act"), for a Certificate Service Authority to provide resold local and interexchange telecommunications services pursuant to Section 13-404 of the Act, and for a Certificate of Exchange Service Authority to provide facilities-based local telecommunications services pursuant to Section 13-405 of the Act. (220 ILCS 5/13-403, 5/13-404 and 5/13-405).

Pursuant to notice given in accordance with the rules and regulations of the Commission, this matter was set for hearing on August 27, 2015, before a duly authorized Administrative Law Judge of the Commission at its offices in Chicago, Illinois. Applicant appeared by counsel and presented the testimony of Vince Aragona, President and CEO of the Applicant. At the conclusion of the hearing on August 27, 2015, the record was marked "Heard and Taken."

I. Applicant's Position

Applicant is a Delaware corporation. Copies of Applicant's articles of incorporation and certificate of authority to transact business as a foreign corporation in Illinois were submitted as exhibits. Applicant has received authority to provide telecommunication services in Minnesota and Michigan. Applicant seeks authority to provide service state wide as the demand for its service rises. Applicant indicated that it does not plan to offer local service in those areas of Illinois where a small or rural local exchange carrier is exempt from the requirements of providing service to competing telecommunication carriers.

Applicant submitted evidence that it has the requisite technical, financial and managerial resources and abilities to provide facilities-based interexchange, resold local and interexchange, and facilities-based local telecommunications services in Illinois. The Applicant indicated that its management team has substantial experience in various aspects of telecommunications operations. The telecommunications experience and expertise of Applicant's key management personnel are described in Exhibit B. Applicant will provide its own technical support and will have personnel available at all times to assist customers with service problems.

Applicant submitted its financial statements and letter of guarantee/support as Exhibit C. Mr. Aragona testified that the Applicant is being funded by capital contributions from SOSventures LLC. SOSventures LLC has invested \$1.5 million in Neo Network and is both financially ready and capable of substantially increasing its investment in the Applicant as it grows and its capital requirements expand. The statement also provides that SOSventures will actively support and fund Neo Network in this endeavor.

Applicant indicated that it will abide by all federal and state "slamming" and "cramming" statutes. Applicant has not been denied a Certificate of Service or had its certification revoked or suspended in any jurisdiction in this or any other name. Applicant has not had any complaints or judgments levied against it in any other jurisdiction in this or any other name.

Applicant requests waivers of Part 710 and Section 735.180 of Part 735 in relation to local exchange service and waivers of Part 710 and Part 735, in its entirety, in relation to interexchange service. Part 710 is entitled "Uniform System of Accounts for Telecommunications Carriers" ("USOA") and Part 735 is entitled "Procedures Governing the Establishment of Credit, Billing Deposits, Termination of Service and Issuance of Telephone Directories for Local Exchange Telecommunications Carriers in the State of Illinois." Section 735.180 concerns the provisioning of telephone directories by local exchange carriers.

In seeking a waiver of Part 710, Applicant asserts that it would be unduly burdensome for it to report financial results using the USOA for its Illinois operations. Applicant commits to maintain its accounting records in accordance with generally accepted accounting principles ("GAAP").

In seeking a variance from Section 735.180 of Part 735, Applicant indicates that it will meet its obligation to list its local exchange customers in a directory by making arrangements to list such customers in directories published by the incumbent local exchange carriers ("ILECs") or competitive local exchange carriers ("CLECs").

Applicant requests a waiver of Part 735 with regard to interexchange services since this Part is not relevant to the provisioning of such services.

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.

Applicant also requested that the financial data attached to the application as Exhibit C be kept confidential for a period of two years.

II. Staff's Position

The Staff of the Commission filed an Answer to the Application indicating that it had reviewed the application and supporting documentation and based on that review, it had no objection to granting the requested certificates. This answer was admitted into the record as Staff Exhibit 1.

III. Commission Analysis and Conclusions

Based on the foregoing, the Commission concludes that Applicant should be granted the requested certificates under Sections 13-403, 13-404 and 13-405 of the Act, as well as the requested waivers and variances.

IV. Findings and Ordering Paragraphs

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

- (1) Neo Network Development, Inc., a Delaware Corporation authorized to transact business in Illinois, seeks a Certificate of Interexchange Service Authority pursuant to Section 13-403 of the Act to provide facilities-based interexchange telecommunications services; a Certificate Service Authority pursuant to Section 13-404 of the Act to provide resold local and interexchange telecommunications services; and pursuant to Section 13-405 of the Act for a Certificate of Exchange Service Authority to provide facilities-based local telecommunications services;
- (2) the Commission has jurisdiction over the Applicant and over the subject matter of this proceeding;
- (3) the recital of facts and conclusions reached in the prefatory portions of this Order are supported by the record and are hereby adopted as findings of fact;
- (4) as required by Sections 13-403, 13-404 and 13-405 of the Act, Applicant possesses sufficient technical, financial and managerial resources to provide facilities-based interexchange, resold local and interexchange, and facilities-based local exchange telecommunications services in Illinois;

- (5) 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;
- (6) 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 contact with the incumbent local exchange carrier to include Applicant's customer listings within those directories;
- (7) 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;
- (8) 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;
- (9) 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;
- (10) the financial statements filed by Applicant as Exhibit C should be afforded confidential treatment and should be exempt from public disclosure and be accessible only by the Commission and Commission Staff for a period of two years from the date this Order is entered.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that Neo Network Development, Inc. be, and is hereby, granted a Certificate of Interexchange Service Authority pursuant to Section 13-403 to provide facilities-based interexchange telecommunications services in Illinois.

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

CERTIFICATE OF INTEREXCHANGE SERVICE AUTHORITY

IT IS HEREBY CERTIFIED that Neo Network Development, Inc. is authorized, pursuant to Section 13-403 of the Public Utilities Act, to provide facilities-based interexchange telecommunications services within the State of Illinois.

IT IS FURTHER ORDERED that Neo Network Development, Inc. be, and is hereby, granted a Certificate of Service Authority pursuant to Section 13-404 to provide resold local and facilities-based 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 Neo Network Development, Inc. 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 Neo Network Development, Inc. be, and is hereby, granted a Certificate of Exchange Service Authority pursuant to Section 13-405 to provide facilities-based local telecommunications services in Illinois.

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

CERTIFICATE OF EXCHANGE SERVICE AUTHORITY

IT IS HEREBY CERTIFIED that Neo Network Development, Inc. is authorized, pursuant to Section 13-405 of the Public Utilities Act, to provide facilities-based local exchange telecommunications services within the State of Illinois.

IT IS FURTHER ORDERED that Neo Network Development, Inc. 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 710, 735, and 735.180 be, and are hereby, waived as set forth in Findings (6), (7), and (8) hereinabove.

IT IS FURTHER ORDERED that as a condition of these Certificates, Neo Network Development, Inc. 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 the financial data attached as Exhibit C to the application and identified in the prefatory portion of this Order is afforded confidential treatment, is exempt from public disclosure, and will be accessible only by the Commission and Commission Staff for a period of two years from the date this Order is entered.

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 14th day of October, 2015.

(SIGNED) BRIEN SHEAHAN

Chairman