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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

ORIGINAL

November 12, 2014

Arizona Corporation Commission

DOCKETED

NOV 12 2014

DOCKETED BY 

Emailed and Mailed

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

RE: RCLEC, Inc.'s Responses to Staff's First Set of Data Requests
Docket No. T-20912A-14-0300

Docket Control:

Enclosed are RCLEC, Inc.'s responses to Staff's First Set of Data Requests in the above docket.

Sincerely,

Michael W. Patten

MWP:jh
Enclosure – Original and 13 Copies
cc: Matt Connolly

STAFF'S FIRST SET OF DATA REQUESTS TO
RCLEC, INC. ("RCLEC")
DOCKET NO. T-20912A-14-0300
October 2, 2014, 2014

In addition to a paper response, all information responses should also be provided in searchable PDF, DOC or EXCEL files via email or electronic media.

For each answer, please identify by name, title, and address each person providing information that forms the basis for the response provided.

Response: All answers are provided by legal representatives for RCLEC and Jeff Slater, Senior Director of Voice Gateways for RCLEC, 1400 Fashion Island Blvd., 7th Floor, San Mateo, CA 94404.

Please make sure each numbered item and each part of the item is answered completely

STF 1.1 Please explain why RCLEC is seeking CC&N authority in Arizona. For example, is it for the purposes of obtaining an Interconnection Agreement (or Agreements) or for some other purpose?

RCLEC is seeking CC&N authority in Arizona to provide intrastate telecommunications services on a wholesale basis. One purpose of seeking a CC&N is to obtain interconnection agreements with ILECs.

STF 1.2 Please confirm that the individuals whose bios were provided under Exhibit G are also all the corporation officers and/or directors requested in Question (A-8) 2. If not, please provide the names and titles of any additional corporation officers and/or directors of RCLEC, Inc. and their number of years of telecommunications experience.

John Marlow and Bruce Johnson are currently RCLEC officers or directors. Mitesh Dhruv is RCLEC's new Chief Financial Officer, and he has 14 years' experience in the finance industry. (Please see biography attached). In order to provide a complete list of key management personnel, RCLEC also submitted the bio for Jeff Slater, Senior Director of Voice Gateways for RCLEC.

STF 1.3 Please confirm that the percentage of ownership of RCLEC, Inc. by any of the officers or directors of RCLEC, Inc. is zero.

Yes, the percentage of ownership of RCLEC by any of the officers or directors is zero.

STF 1.4 Please provide a response to Question A-11 of the Application.

Neither RCLEC nor its officers is currently or has ever been involved in any complaint proceedings, formal or informal. The answer to Question A-11 is provided as Exhibit A to the application.

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STF 1.5 In response to question (A-17) of the Application, RCLEC has indicated they are NOT a switchless reseller of the telecommunications service. However, on page 38 of Tariff No. 1, the Wholesale Transit Service offered is described as a "private line" service. Likewise with the Wholesale Local Loop Service indicated on page 40. Please clarify if these are switchless products and if not, please explain where the switching will take place.

RCLEC may have misunderstood question A-17. RCLEC considers itself to be a facilities-based carrier because it purchases unbundled network elements (UNEs) from other carriers and intends to do the same in Arizona. Therefore, RCLEC does not consider itself to be only a reseller, though it might resell services in addition to providing facilities-based services depending on market demands. RCLEC does have switches and media gateways in colocation facilities in New York, Miami, Los Angeles, San Francisco, Chicago and Dallas that will be used to provide services, so it is not properly classified as a switchless reseller. In addition, RCLEC will provide private line services.

STF 1.6 If RCLEC will indeed be offering switchless private line service, please amend Question (A-1) and check the "Other" box and type "Private Line" in the blank next to Other.

RCLEC will be offering switchless private line service. An amended answer to Question A-1 is attached to this response.

STF 1.7 As it appears RCLEC will not be providing service directly to residential or business end users please provide the basis for a CC&N Application to provide resold and facilities-based local exchange and long distance service. Please provide any legal, statutory or previous Arizona Corporation Commission case examples to support the RCLEC's position.

The Arizona Corporation Commission has previously granted the CC&N application of other carriers providing wholesale services in whole or in part: Zayo Group, LLC (Decision 72561),¹ ExteNet Systems, Inc. (Decision 71294), and New Path Networks, LLC (Decision 71467). None of these carriers proposed to offer services to residential customers. Rather, all of these carriers were granted CC&Ns to provide service to other carriers and/or to enterprise customers.

The Arizona Corporation Commission has also granted the CC&N application of Level 3 Communications, LLC (Decision 61737), a CLEC that provides wholesale services similar to RCLEC.

¹ See Zayo Group, LLC Application for CC&N at Q.A14 (Jan. 24, 2011), Staff Report, at p.1 (Apr. 29, 2011).

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STF 1.8 Please provided updated status, if any, of the pending application and anticipated application filings for the states indicated in the response to Question (A-18).

RCLEC's application in Georgia has been approved (Docket No. 38536, Certificate No. L-0535). RCLEC has filed its application in Maryland, and will file applications in Louisiana, and South Carolina shortly.

STF 1.9 Please provide the number of customers per state in any state in which the RCLEC is currently providing service, including the states indicated in the response to Question (A-19).

RCLEC currently has one wholesale customer in the states listed.

STF 1.10 Please indicate the total number of years of experience in the telecommunications industry for each of the following personnel: Mr. John Marlow, Mr. Mahesh Patel, Mr. Bruce Johnson and Mr. Curtis Peterson.

Mr. John Marlow has represented entrepreneurs and technology companies, including telecommunications, from 1997 to 2008 (11 years). Mr. Marlow has worked exclusively in telecommunications from 2008 to the present (6 years).

Mr. Mahesh Patel is no longer RCLEC's CFO as of the month of September. Mr. Mitesh Dhruv is RCLEC's new CFO, and he has 14 years' experience in the finance industry.

Mr. Bruce Johnson has been in the telecommunications industry from 2000 to the present (14 years). Prior to that, Mr. Johnson represented companies in various industries from 1989 to 2000 (11 years).

Mr. Curtis Peterson has been in the telecommunications industry from 1997 to the present (17 years).

STF 1.11 The Exhibit D "cover sheet" indicates Financial Statements - 10-Q 3rd Quarter 2014. However it also indicates the excerpts of Ring Central are dated 6/30/2014 as is the actual information provided. Please confirm this is merely a typo on the cover sheet and the most recent financials are the financials delivered.

Exhibit D should read "10-Q 2nd Quarter 2014." This is RingCentral's latest 10-Q report filed with the SEC. RingCentral's latest 8-K report dated 10/29/14 containing unaudited financials is available on the RingCentral website, Investor Relations, at: <http://ir.ringcentral.com/Cache/25843138.pdf?IID=4406983&FID=25843138&O=3&OSID=9>.

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STF 1.12 Will the accounting records for the 2 companies be separate?

Yes. The accounting records of RCLEC and RingCentral are separate.

STF 1.13 The last sentence/paragraph in Exhibit F appears to contain one or more typos. Please provide the language here in its correct form.

The last sentence of Exhibit F should read:

"The Company has no Affiliates providing regulated telecom service in Arizona and the Company has not previously provided any type of service in Arizona, including facilities-based or resold local exchange, interexchange service, or VoIP services."

STF 1.14 Please provide the location of the company's network operation center (NOC). Is the NOC owned by either RCLEC or RingCentral? If not, please provide the name of the third party who owns the NOC.

RCLEC's network operation center is collocated with RingCentral facilities in Virginia and California.

STF 1.15 What are the hours of availability for customer support provided by RCLEC?

RCLEC's customer support is available 24x7x365.

STF 1.16 Does RCLEC provide a toll free customer support number for its customers? If so, please provide it here.

RCLEC's toll free customer support number is 888-898-4591.

STF 1.17 Does RCLEC currently provide service or has plans to provide service under any other company name in Arizona?

RCLEC does not plan to provide service in Arizona under any other company name.

STF 1.18 Does RCLEC intend to deploy a facilities-based local exchange network or any elements of a facilities-based local exchange network in Arizona? If yes, please explain if the network or network elements will be based on traditional wireline or voice over the internet protocol ("VoIP") technology.

As a startup, RCLEC intends to lease unbundled network elements (UNEs) from other providers in Arizona. Network elements will be based on traditional wireline technology.

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STF 1.19 Has RCLEC initiated discussions to enter into any interconnection agreements with facilities based providers in Arizona? If so, please indicate the names of the providers and the status of these agreements and if not, when does the company intend to begin these discussions?

RCLEC has not initiated discussions to enter into any interconnection agreements with facilities based providers in Arizona but it intends to do so promptly upon receipt of a CC&N. Based on RCLEC's experience in other states, ILECs will not agree to negotiate interconnection agreements until the CLEC has obtain a certificate to operate in the state for which the interconnection agreement is requested.

STF 1.20 If RCLEC will not be installing its own facilities to provide telecommunications services in Arizona, will it be leasing facilities from other service providers? If so, please identify those providers by name.

RCLEC will lease facilities from CenturyLink via an interconnection agreement in Arizona. Transport facilities will be leased from providers including XO, AT&T, and Verizon.

STF 1.21 Has RCLEC initiated discussions to enter into any resale agreements with providers in Arizona? If so, what is the status of these agreements and if not, when does the company intend to begin these discussions?

RCLEC has not entered into any resale agreements with providers in Arizona, but it may do so after it receives its CC&N as market demand warrants.

STF 1.22 Please specify the company or companies whose long distance services Applicant will resell, if applicable.

RCLEC may resell intrastate long distance service of CenturyLink if granted a CC&N if there is market demand for such offering.

STF 1.23 Will RCLEC be providing any operator services to its customers? If so, how?

RCLEC will not be providing any operator services to its customers.

STF 1.24 What steps has RLEC taken to protect the security of their equipment and network? If none exist, what protection does the company have planned?

RCLEC utilize fault tolerant, redundant Sonus Networks and Fujitsu network platforms connected to fully redundant circuits provided by the ILEC and by other transport providers. RCLEC's equipment is located in secure Tier 1 carrier hotel collocation facilities with secure entry and access to facilities and redundant power and air conditioning services.

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STF 1.25 Please explain for each of the following cases the contending issues, the current status or final decision, if any of RCLEC's officers, directors, partners or managers were or are involved and whether the case has any bearing on RCLEC's proposed service in Arizona.

One Number Corp. v. RingCentral, Inc., No. 1:09-cv-00387

Telinit Technologies, LLC v. RingCentral, Inc. No 2-21-cv-00697

CallWave Communications, LLC v. RingCentral, Inc. Case No 1:12-cv-01748-RGA

The above RingCentral cases have been resolved through settlement. Mr. John Marlow and Mr. Bruce Johnson worked on the resolution of those cases, but they were not personally named as defendants. The above cases involved patent issues concerning technologies not used by RCLEC. Therefore, none of the above now resolved cases have any bearing on RCLEC's proposed service in Arizona.

STF 1.26 Will RCLEC have any employees located in Arizona? If yes, please specify how many. If not, why not?

RCLEC will not have any employees located in Arizona at this time. RCLEC is currently in the startup phase, and would consider hiring employees in Arizona if a business need arises.

STF 1.27 Please explain why RCLEC believes that its rates are just and reasonable using a fair value or cost basis. Please include economic justification or cost support data. Please include any and all supporting materials.

RCLEC's rates are just as reasonable because it must compete against a number of other carriers providing service in Arizona. RCLEC lacks market power and cannot charge excessive rates and remain attractive to customers because they may choose other carriers.

STF 1.28 Please indicate why RCLEC believes that its rates are just and reasonable using a competitive market analysis. The analysis should contain publicly available examples of tariff rates and charges charged by other carriers for similar services. Include supporting material and any other information that RCLEC believes demonstrates that the proposed tariff rates and charges are just and reasonable.

To support your answer, please use a matrix format to list the Company's proposed services, rates, and charges (see attached Excel file). Based on RCLEC's tariffs, list

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all of the telecommunications services the company will provide in Arizona. For each of the telecommunications services listed, provide the RCLEC's tariff page numbers that support each of the company's services, rates, and charges. Also, provide the same information requested of the Company for CenturyLink and two other Arizona local exchange competitors using the same matrix format. List each competitor's services, rates, and charges for the same or comparable services and include copies of the tariff page of each service, rate and charge of each competitor. For a list of telecommunications carriers certified in Arizona, go to www.azcc.gov/divisions/utilities/utilitylist.asp. For a list of Commission-approved telecommunications rates and tariffs, go to www.azcc.gov/Divisions/Utilities/Tariff.

Please see the attached Excel files comparing RCLEC's rates to those of competitors. Based on this comparison, RCLEC's rates are reasonable for a carrier lacking market power.

STF 1.29

If RCLEC intends to deploy a VoIP facilities-based local exchange network that interconnects directly to the Public Switched Telephone Network ("PSTN") or any VoIP network elements that interconnect directly to the PSTN, please respond to the following:

- a. Does RCLEC understand that all VoIP services and traffic directly interconnecting to the PSTN will be under the jurisdiction of the Commission's CC&N authority? and;
- b. Does RCLEC understand that all VoIP customers, lines and revenues are to be included in Commission required or requested reports such as Annual Reports due by April 15 of each year?

RCLEC does not intend to deploy a VoIP facilities-based local exchange network that interconnects directly to the Public Switched Telephone Network ("PSTN") or any VoIP network elements that interconnect directly to the PSTN. RCLEC may transport traffic from providers that do utilize a VoIP facilities-based network.

Attachment-STF 1.2

Mitesh Dhruv, Chief Financial Officer of RCLEC, Inc.

Mr. Dhruv serves as Chief Financial Officer of RCLEC, Inc. With 14 years' experience in the finance industry, Mr. Dhruv has a deep accounting and financial planning background, and extensive public accounting experience. He is experienced in building long-range financial plans, establishing operational performance metrics, and developing business plans for growth opportunities. Mr. Dhruv is experienced with SaaS business models, strategic finance, team building, operational execution, and enabling successful IPOs.

Mr. Dhruv has served as the Vice President, Finance and Strategy, at RingCentral since April 2012. In his role, he works closely with the executive team on business strategy, corporate finance, partnerships, and growth opportunities. Mr. Dhruv utilizes his 6 years of experience in equity research and IPO experience he developed in his prior role as Vice President, Enterprise Software at Merrill Lynch. At Merrill Lynch, Mr. Dhruv performed equity analysis covering over 20 software companies. Mr. Dhruv has authored reports on major software industry trends such as Cloud Computing, which is the most widely read technology report within Bank of America-Merrill. Prior to that, Mr. Dhruv served as Audit Manager at Gumbiner Savett Inc. for 5 years, and in a Senior Assurance and Advisory role at PricewaterhouseCoopers.

Mr. Dhruv is a Certified Public Accountant, CFA, and Chartered Accountant.

Attachment-STF 1.6

ARIZONA CORPORATION COMMISSION

Application and Petition for Certificate of Convenience and Necessity to Provide
Intrastate Telecommunications Services

Mail original plus 13 copies of completed application to: For Docket Control Only:
(Please Stamp Here)

Docket Control Center
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007-2927

Please indicate if you have current applications pending
in Arizona as an Interexchange reseller, AOS provider,
or as the provider of other telecommunication services.

Type of Service: _____

Docket No.: _____ Date: _____ Date Docketed: _____

Type of Service: _____

Docket No.: _____ Date: _____ Date Docketed: _____

A. COMPANY AND TELECOMMUNICATION SERVICE INFORMATION

(A-1) Please indicate the type of telecommunications services that you want to provide in Arizona and mark the appropriate box(s).

- Resold Long Distance Telecommunications Services (Answer Sections A, B).
- Resold Local Exchange Telecommunications Services (Answer Sections A, B, C).
- Facilities-Based Long Distance Telecommunications Services (Answer Sections A, B, D).
- Facilities-Based Local Exchange Telecommunications Services (Answer Sections A, B, C, D, E)
- Alternative Operator Services Telecommunications Services (Answer Sections A, B)
- Other Private Line (Please attach complete description)

(A-2) The name, address, telephone number (including area code), facsimile number (including area code), e-mail address, and World Wide Web address (if one is available for consumer access) of the Applicant:

RCLEC, Inc.

1400 Fashion Island Blvd., 7th Floor

San Mateo, CA 94404

www.rclec.com CS: 877-888-3156 Fax: 650-472-4100 Email: ops@rclec.com

Attachment-STF 1.28

**ATTACHMENT B
COMPETITOR**

BUSINESS RATE COMPARISON
OF TELECOMMUNICATION SERVICES
IN ARIZONA

APPLICANT'S AZ TARIFF
ATTACH TARIFF SHEETS FOR SUPPORT

ZAYO GROUP, LLC
ATTACH TARIFF SHEETS FOR SUPPORT

CHARGES & RATES SECTION NO. PAGE NO. CHARGES & RATES SECTION NO. PAGE NO.

PRODUCTS & SERVICES		AZ Tariff No. 1				
Cancellation of Service Order		2.8.4	27		2.4.2	17
- Prior to completion of Order	\$250 per circuit	2.8.4	27	Prior to start of installation - no charge.	2.4.2	17
- After completion of test date but prior to estimated service date	\$500 per circuit	2.8.4	27	If installation has begun, the lower of the following charges - total costs of installing and removing facilities or monthly charges for the entire initial contract period of the service ordered.	2.4.2	17
PIC Change Charge	\$5.00	3.3.9	43	\$8.00	4.5.8	50
Unauthorized PIC Change Charge	\$50.00	3.3.9	43			

Wholesale Transit Rates

T-1						
MRC - Fixed	\$120.00	4.2	45			
MRC - Per Mile	\$10.00	4.2	45			
NRC	\$1,500.00	4.2	45			
DS3						
MRC - Fixed	\$1,400.00	4.2	45	\$1,040.00	4.5.1	47
MRC - Per Mile	\$40.00	4.2	45			
NRC	\$2,000.00	4.2	45	\$1,000.00	4.5.1	47
OC3						
MRC - Fixed	\$4,000.00	4.2	45	\$2,595.00	4.5.1	47
MRC - Per Mile	\$100.00	4.2	45			
NRC	\$3,000.00	4.2	45	\$2,000.00	4.5.1	47
OC12						
MRC - Fixed	\$6,000.00	4.2	45	\$5,973.00	4.5.1	47
MRC - Per Mile	\$150.00	4.2	45			
NRC	\$4,000.00	4.2	45	\$3,000.00	4.5.1	47
OC48						
MRC - Fixed	\$8,000.00	4.2	45	\$8,200.00	4.5.1	47
MRC - Per Mile	\$200.00	4.2	45			
NRC	\$5,000.00	4.2	45	\$5,000.00	4.5.1	47

100GbE		\$3,000.00	4.3	48	
MRC/per mile					
10GbE		\$20.00	4.3	48	
100GbE		\$40.00	4.3	48	
NRC					
10GbE		\$2,000.00	4.3	48	
100GbE		\$4,000.00	4.3	48	
Switched Inbound Usage Charges					
- Initial 60 Seconds		\$0.03	5.2.1	22	
- Additional 60 Seconds		\$0.03	5.2.1	22	
				22	
Switched Outbound Usage Charges					
- Initial 60 Seconds		\$0.03	5.2.2	22	
- Additional 60 Seconds		\$0.03	5.2.2	22	
Dedicated Services Usage Rates					
- Initial 60 Seconds		\$0.03	5.2.3	22	
- Additional 60 Seconds		\$0.03	5.2.3	22	
Recurring Charges					
Switched Access					
Per 8XX Number	\$1.00		5.2.4	22	
Accounting Codes (non-verified)	\$1.00		5.2.4	22	
Authorization Codes/BTN (verified)	\$1.00		5.2.4	22	
Authorization Code change/add/delete	\$1.00		5.2.4	22	
Monthly Recurring Charge per T-1	N/A		5.2.4	22	
Dedicated Access					
Per 8XX Number	\$1.00		5.2.4	22	
Accounting Codes (non-verified)	\$1.00		5.2.4	22	
Authorization Codes/BTN (verified)	\$1.00		5.2.4	22	
Authorization Code change/add/delete	\$1.00		5.2.4	22	
Monthly Recurring Charge per T-1	\$200.00		5.2.4	22	