

Telecommunications
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General Business Law

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IDAHO PUBLIC
UTILITIES COMMISSION

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December 20, 2004

Via Overnight Courier

Jean Jewell, Commission Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83702

BUY-T-04-01

Re: UCN, Inc.
Application for a Certificate of Public Convenience & Necessity
to Offer Resold and Facilities-Based Local Exchange
Telecommunications Services in the State of Idaho

Dear Ms. Jewell:

On behalf of UCN, Inc. ("UCN"), transmitted herewith is an original plus three (3) copies of its Application for a Certificate of Public Convenience and Necessity to Offer Resold and Facilities-Based Local Exchange Telecommunications Services in the State of Idaho.

An additional copy of this filing is enclosed, to be date-stamped and returned in the postage prepaid envelope provided.

Should any questions arise regarding this matter, kindly contact the undersigned.

Respectfully submitted,



Jonathan S. Marashlian
Regulatory Counsel

JSM/sr
Enclosures

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of
Petition of UCN, Inc. for a
Certificate of Public Convenience and
Necessity to Offer Resold and Facilities-Based
Local Exchange Telecommunications Services
In the State of Idaho

) IDAHO PUBLIC
) UTILITIES COMMISSION
) Docket No.
) *BUY-T-04-01*
)
)

APPLICATION OF UCN, INC.
FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

I. Proposed Services

UCN is an aggregator and provider of telecommunications services. UCN contracts with a number of third party providers for the right to resell the various telecommunication services and products they provide, and then offers all of these various services to its customers. UCN also operates a dedicated VoIP Network, and advanced customer contact handling/management software applications that enable it to offer enhanced services to customers. The variety of services and products offered by UCN allow customers to buy only those telecommunications services it needs from one source, combine those services in a customized package, receive one bill for those services, and make one call to UCN if a service problem or billing issue arises.

By this Application, UCN seeks additional authority to allow the company to offer existing and prospective customers resold and/or limited facilities-based competitive local exchange telecommunications

services. Applicant seeks authority to provide these services throughout the entire state of New Jersey, or to the extent the facilities of its underlying carriers permit. The resold and facilities-based local exchange services Applicant proposes to offer include business class local loop connectivity and transmission. These services will initially be provided through commercial resale or leasing agreements with facilities-based competitive suppliers, including AT&T, MCI, and Level 3. Applicant reserves the ability to resell or lease network elements from incumbent local exchange carriers in the future, as the market for its services dictates.

II. Form of Business

1. Name, Address and Form of Business

UCN, Inc.
14870 South Pony Express Road
Bluffdale, Utah 84065
Corporation

- a. If the applicant is the sole proprietor,
 - (1) the name and business address of the applicant, and
 - (2) the business name of the sole proprietorship.
- b. If the applicant is a partnership,
 - (1) a list of the names and business addresses of all the partners, and
 - (2) the business name of the partnership.
- c. If the applicant is a corporation,
 - (1) a short statement of the character of public service in which it may engage,

UCN is a publicly-traded corporation organized under the laws of the state of Delaware. UCN stock trades on the OTC board under the ticker symbol - UCNN.OB. Its principal place of business is 14870 South Pony Express Road, Bluffdale, UT 84065. UCN's toll-free phone number is 1-800-669-3319 and its local phone number is 1-866-541-0000.

UCN is registered as a foreign corporation with the Idaho Secretary of State and is in good standing. UCN currently provides resold long distance to business and residential consumers in Idaho. In June 2004, Petitioner changed its name from Buyers United, Inc., d/b/a buyersonline, d/b/a United Carrier Networks to UCN, Inc.

- (2) the name of the state in which it is incorporated,

UCN is a privately-held corporation organized under the laws of the state of Delaware.

- (3) its principal business address and its principal business address within Idaho,

UCN's principal place of business is 14870 South Pony Express Road, Bluffdale, UT 84065. Its toll-free phone number is 1-800-669-3319 and its local phone number is 1-866-541-0000. UCN has no business office in the state of Idaho.

(4) a certified copy of its articles of incorporation,

A copy of Petitioner's Certificate of Incorporation from the Delaware Department of State is attached as

Exhibit 1.

(5) if not incorporated in Idaho, a certificate of good standing issued by the Idaho Secretary of State of Idaho, and

UCN's current Certificate of Authority from the Idaho Secretary of State is attached as **Exhibit 2.**

(6) name and address of registered agent for service in Idaho.

National Registered Agents, Inc.
1423 Tyrell Lane
Boise, ID 83706

2. If a corporation, the names and addresses of the ten common stockholders of applicant owning the greatest number of shares of common stock and the number of such shares owned by each, as follows:

Name and Address	Shares Owned	Percentage of All Shares Issued and Outstanding	Percentage of Voting Control
I-Link Incorporated 9775 Business Park Avenue San Diego, CA 92131	808,546	6.2%	6.2%
Theodore Stern (2) 2970 One PPG Place Pittsburgh, PA 15222	2,694,435	18.1%	18.1%
Gary Smith (2) (3) 14870 Pony Express Road Bluffdale, UT 84065	520,084	4.0%	4.0%

Edward Dallin Bagley (2) 2350 Oakhill Drive Salt Lake City, UT 84121	1,371,954	9.9%	9.9%
Steve Barnett (2) 666 Dundee Road, Suite 1704 Northbrook, IL 60062	394,949	3.0%	3.0%
Paul Jarman (2) 14870 Pony Express Road Bluffdale, UT 84065	742,052	5.5%	5.5%
David R. Grow (2) 14870 Pony Express Road Bluffdale, UT 84065	150,000	1.2%	1.2%
G. Douglas Smith (2) 14870 Pony Express Road Bluffdale, UT 84065	688,768	5.1%	5.1%
Kenneth D. Krogue (2) 14870 Pony Express Road Bluffdale, UT 84065	352,226	2.6%	2.6%
All Executive officers and Directors as a Group (8 persons)	6,614,468	37.9%	37.9%

(1) These figures represent the percentage of ownership of the named individuals assuming each of them alone has exercised his or her options or conversion rights to purchase common shares, and percentage ownership of all officers and directors as a group, assuming all purchase and conversion rights held by such individuals are exercised.

(2) These figures include: for Mr. Stern Series A and B Preferred Stock convertible to 377,500 shares of common stock, warrants to purchase 680,000 shares of common stock at exercise prices ranging from \$2.00 to \$2.50 per share, options to purchase 102,500 shares of common stock at exercise prices ranging from \$2.50 to \$5.06 per share, and 766,250 common shares for which outstanding promissory notes are convertible at rates of between \$2.50 and \$2.00; for Mr. Gary Smith options to purchase 122,500 shares at prices ranging from \$2.00 to \$5.06 per share; for Mr. Bagley Series A and B Preferred Stock convertible to 157,500 shares of common stock, warrants to purchase 275,000 shares of common stock at exercise prices ranging from \$2.00 to \$2.50 per share, options to purchase 47,500 shares of common stock at exercise prices ranging from \$3.05 to \$5.06, and 375,000 common shares for which outstanding promissory notes are convertible at the rate of \$2.00 per share; for Mr. Barnett Series A Preferred Stock convertible to 20,000 shares of common stock and options to purchase 130,000 shares at exercise prices ranging from \$2.00 to \$5.06 per share; for Mr. Jarman options to purchase 452,966 shares of common stock at exercise prices ranging from \$2.00 to \$5.39 per share; for Mr.

G. Douglas Smith options to purchase 624,916 shares of common stock at exercise prices ranging from \$2.00 to \$5.39 per share; for Mr. Grow options to purchase 150,000 shares of common stock at exercise prices ranging from of \$2.00 to \$3.05; and for Mr. Krogue options to purchase 333,770 shares of common stock at exercise prices ranging from \$2.00 to \$2.70 per share.

3. Names and addresses of the officers and directors of applicant.

<u>Name</u>	<u>Position</u>	<u>Address</u>
Theodore Stern	CEO and Chairman of the Board	14870 S. Pony Express Rd. Bluffdale, Utah 84065
Paul Jarman	President	14870 S. Pony Express Rd. Bluffdale, Utah 84065
David Grow	Chief Financial Officer	14870 S. Pony Express Rd. Bluffdale, Utah 84065
G. Douglas Smith	Executive Vice President, Sales	14870 S. Pony Express Rd. Bluffdale, Utah 84065
Kimm Partridge	Corporate Secretary	14870 S. Pony Express Rd. Bluffdale, Utah 84065
Steven Barnett	Director	14870 S. Pony Express Rd. Bluffdale, Utah 84065
James Ozanne	Director	14870 S. Pony Express Rd. Bluffdale, Utah 84065
Paul Koepp	Director	14870 S. Pony Express Rd. Bluffdale, Utah 84065
Blake O. Fisher, Jr.	Director	14870 S. Pony Express Rd. Bluffdale, Utah 84065

4. Name and address of any corporation, association, or similar organization holding a 5% or greater ownership or a management interest in the applicant. As to ownership, the amount and character of the interest must be indicated. A copy of any management agreement must be attached.

No corporation association or similar organization holds any interest in UCN. UCN is a publicly traded company.

5. Names and addresses of subsidiaries owned or controlled by applicant.

UCN is the 100% owner of UCN, Inc. – Virginia, a Virginia corporation through which UCN provides resold long distance services. UCN has no other affiliated interests.

III. Telecommunication Service

1. The date on which applicant proposes to begin construction or anticipates it will begin to provide service.
2. A written description of customer classes and customer service[s] that the applicant proposes to offer to the public.

UCN is an aggregator and provider of telecommunications services. UCN contracts with a number of third party providers for the right to resell the various telecommunication services and products they provide, and then offers all of these various services to its customers. UCN also operates a dedicated VoIP Network, and advanced customer contact handling/management software applications that enable it to offer enhanced services to customers. The variety of services and products offered by UCN allow customers to buy only those telecommunications services it

needs from one source, combine those services in a customized package, receive one bill for those services, and make one call to UCN if a service problem or billing issue arises.

By this Application, UCN seeks additional authority to allow the company to offer existing and prospective customers resold and/or limited facilities-based competitive local exchange telecommunications services. Applicant seeks authority to provide these services throughout the entire state of Idaho, or to the extent the facilities of its underlying carriers permit. The resold and facilities-based local exchange services Applicant proposes to offer include business class local loop connectivity and transmission. These services will initially be provided through commercial resale or leasing agreements with facilities-based competitive suppliers, including AT&T, MCI, and Level 3. Applicant reserves the ability to resell or lease network elements from incumbent local exchange carriers in the future, as the market for its services dictates.

IV. Service Territory

1. A description sufficient for determining whether service is to be offered in a particular location; and the names of all incumbent local exchange corporations with whom the proposed utility is likely to compete.

Applicant currently provides resold long distance to Idaho business and residential consumers pursuant to Commission authority (Utility No. U-5979-C). By this Application, UCN seeks

additional authority to allow the company to offer its customers resold and limited facilities-based competitive local exchange telecommunications services throughout the entire state of Idaho, or to the extent the facilities of its underlying carriers permit. The resold and facilities-based local exchange services Applicant proposes to offer include business class local loop connectivity and transmission. These services will initially be provided through commercial resale or leasing agreements with facilities-based competitive suppliers, including AT&T, MCI, and Level 3. Petitioner reserves the ability to resell or lease network elements from incumbent local exchange carriers in the future, as the market for its services dictates.

2. Written description of the intended manner of service, for example, resold services or facilities based. A general description of the property owned or controlled by applicant.

Petitioner seeks authority to provide resold and facilities-based local exchange services to the extent the network and transmission facilities of its facilities-based competitive suppliers permit. Petitioner does not anticipate installing physical plant at this time or in the near future. As the market for its services and business plans dictate, however, UCN may eventually lease or deploy its own switches within existing carrier hotels or other leased premises. No physical construction of fiber optic or copper cables is anticipated, now or in the future.

3. A statement describing with whom the applicant is likely to compete.
4. A description of the property owned by the applicant clarifies the applicant's proposed services and operation.

Petitioner seeks authority to provide resold and facilities-based local exchange services to the extent the network and transmission facilities of its facilities-based competitive suppliers permit. Petitioner does not anticipate installing physical plant at this time or in the near future. As the market for its services and business plans dictate, however, UCN may eventually lease or deploy its own switches within existing carrier hotels or other leased premises. No physical construction of fiber optic or copper cables is anticipated, now or in the future.

V. Financial Information

1. Current detailed balance sheets, including a detailed income and profit and loss statements of applicant reflecting current and prior year balances for the twelve months ended as of the date of the balance sheet, or if not readily available, for the period since the close of the preceding calendar year.

UCN has substantial financial wherewithal and access to ample capital. Since 2000, the company has delivered strong revenue growth beginning with \$7.36 million in 2000, \$14.34 million in 2001, \$30.16 million in 2002 and \$63.31 million in 2003. During that growth period, the company has also experienced strong EBITDA and net income (before preferred dividends) growth. For the year 2001, EBITDA was a negative \$4.32 million, net loss was \$6.07 million; 2002 EBITDA was \$3.05

million, net income was \$330,183. For the year 2003, EBITDA was \$6.9 million, net income was \$1.17 million.

As set forth in the company's most recent quarterly filing with the Securities and Exchange Commission, UCN garnered over \$16 million in revenues for the three month period ending June 30, 2004, resulting in operating income of nearly \$400,000. See SEC Form 10-Q at **Exhibit 3** (also provided at Exhibit 4 is UCN's 2003 Annual Report to Shareholders - SEC Form 10-K). These documents demonstrate that Applicant has access to sufficient cash and more than adequate financial resources to provide competitive local exchange telecommunications services in the state of Idaho.

2. If a balance sheet and income statement are not available, the applicant must submit financial data sufficient to establish that it possesses adequate financial resources to provide the proposed services.

Not Applicable.

VI. "Illustrative" Tariff Filings

Proposed initial tariff and price sheets setting forth rates, rules, terms, and regulations applicable to the contemplated service.

UCN's proposed Idaho Local Exchange Tariff No. 2 is attached hereto at **Exhibit 4**.

VII. Customer contacts

1. Contact information for the Applicant.

- a) The name, address, and telephone number and electronic mailing addresses (if available) of the person(s) responsible for consumer inquiries and complaints from the public.

Kimm Partridge, Corporate Secretary
14870 South Pony Express Road
Bluffdale, Utah 84065

- b) A toll-free number for customer inquiries and complaints.

Toll-Free Business Customers:
800-669-3319

Toll-Free Residential Customers:
800-363-6177

- c) The name, number and electronic mailing addresses (if available) of the person(s) designated as a contact for the Commission Staff for resolving complaints, inquiries and matters concerning rates and price lists or tariffs.

VIII. Interconnection Agreements

1. Statements of whether the applicant has initiated interconnection negotiations and, if so, when and with whom.

Applicant is not presently engaged in interconnection negotiations with any incumbent local exchange carriers, such as Verizon. At least initially, Applicant will provide services through commercial agreements with competitive suppliers, such as AT&T, MCI and Level 3.

IX. Compliance with Commission Rules

A written statement that the applicant has reviewed all of the Commission rules and agrees to comply with them, or a request for waiver of those rules believed to be inapplicable.

Attached as **Exhibit 5.**

X. Escrow Account or Security Bond

1. If a company requires advance deposits by its customers, the company must submit a signed copy of an escrow account with a bonded escrow agent or a security bond. The escrow or bond shall be sufficient to meet customer deposit refunds in case of company default.

Applicant does not require advance deposits by its customers.

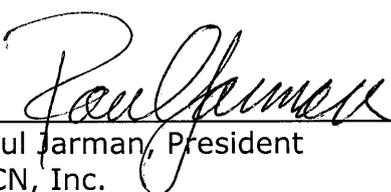
2. At the Commission's discretion, an additional deposit may be required to keep customers whole in case of company default.
3. The Commission will review the individual requirement of establishing an escrow or security account by the Company upon good showing by the Company for a period of two years.

VERIFICATION

I, Paul Jarman, am the President of the Applicant herein. I do hereby verify that I have read the application and am familiar with its contents. The matters stated therein are true and correct to the best of my knowledge and belief.

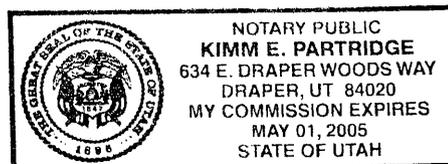
I do declare under penalty of perjury under the laws of the State of Idaho that the foregoing is true and correct.

Executed this 15th day of December 2004.



Paul Jarman, President
UCN, Inc.

Notary: Kimm E Partridge



My commission expires 5-1-05

INDEX OF EXHIBITS

Exhibit 1	Articles of Incorporation
Exhibit 2	Certificate of Authority
Exhibit 3	Financial Information
Exhibit 4	Tariff Filing
Exhibit 5	Affidavit of Compliance with Commission Rules

VERIFICATION

EXHIBIT 1

Articles of Incorporation

Delaware

PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED ARE TRUE AND CORRECT COPIES OF ALL DOCUMENTS ON FILE OF "UCN, INC." AS RECEIVED AND FILED IN THIS OFFICE.

THE FOLLOWING DOCUMENTS HAVE BEEN CERTIFIED:

CERTIFICATE OF INCORPORATION, FILED THE FIFTEENTH DAY OF MARCH, A.D. 1999, AT 9 O'CLOCK A.M.

CERTIFICATE OF MERGER, FILED THE THIRTEENTH DAY OF APRIL, A.D. 1999, AT 9 O'CLOCK A.M.

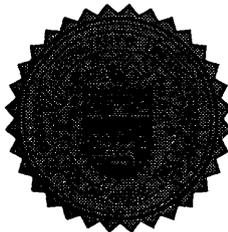
CERTIFICATE OF DESIGNATION, FILED THE TWENTY-THIRD DAY OF JUNE, A.D. 1999, AT 9 O'CLOCK A.M.

CERTIFICATE OF AMENDMENT, CHANGING ITS NAME FROM "BUI, INC." TO "BUYERSONLINE.COM, INC.", FILED THE NINETEENTH DAY OF APRIL, A.D. 2000, AT 9 O'CLOCK A.M.

CERTIFICATE OF DESIGNATION, FILED THE TWENTY-EIGHTH DAY OF SEPTEMBER, A.D. 2000, AT 9 O'CLOCK A.M.

CERTIFICATE OF AMENDMENT, FILED THE TWENTY-FOURTH DAY OF OCTOBER, A.D. 2000, AT 9 O'CLOCK A.M.

CERTIFICATE OF AMENDMENT, CHANGING ITS NAME FROM "BUYERSONLINE.COM, INC." TO "BUYERS UNITED, INC.", FILED THE



Harriet Smith Windsor
Harriet Smith Windsor, Secretary of State

3016691 8100H

AUTHENTICATION: 3467337

040808801

DATE: 11-09-04

Delaware

PAGE 2

The First State

FIRST DAY OF NOVEMBER, A.D. 2001, AT 9 O'CLOCK A.M.

CERTIFICATE OF OWNERSHIP, FILED THE THIRTIETH DAY OF
DECEMBER, A.D. 2002, AT 5 O'CLOCK P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF
THE AFORESAID CERTIFICATE OF OWNERSHIP IS THE THIRTY-FIRST DAY
OF DECEMBER, A.D. 2002.

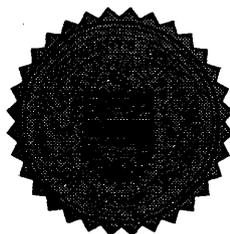
CERTIFICATE OF OWNERSHIP, FILED THE THIRTIETH DAY OF
DECEMBER, A.D. 2002, AT 5 O'CLOCK P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF
THE AFORESAID CERTIFICATE OF OWNERSHIP IS THE THIRTY-FIRST DAY
OF DECEMBER, A.D. 2002.

CERTIFICATE OF AMENDMENT, CHANGING ITS NAME FROM "BUYERS
UNITED, INC." TO "UCN, INC.", FILED THE THIRTIETH DAY OF JUNE,
A.D. 2004, AT 4:25 O'CLOCK P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF
THE AFORESAID CERTIFICATE OF AMENDMENT IS THE FIFTEENTH DAY OF
JULY, A.D. 2004, AT 12:01 O'CLOCK A.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE AFORESAID
CERTIFICATES ARE THE ONLY CERTIFICATES ON RECORD OF THE
AFORESAID CORPORATION.



Harriet Smith Windsor
Harriet Smith Windsor, Secretary of State

3016691 8100H

AUTHENTICATION: 3467337

040808801

DATE: 11-09-04

see case file for