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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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IDAHO PUBLIC
UTILITIES COMMISSION

Docket No. BU4-T-05-01

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)
Within the State of Idaho)

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

I. Proposed Services

UCN is currently a provider of switched and dedicated resold interexchange telecommunications services. UCN contracts with a number of third party providers for the right to resell the various interexchange telecommunication services and products they provide, and then offers all of these various services to its customers. UCN also operates an advanced customer contact handling/management software application that enables UCN to offer enhanced call routing and management services to targeted small and medium sized enterprise ("SME") customers. The variety of services and products offered by UCN allow customers to buy only those telecommunications services they need 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 facilities-based (leased) competitive local exchange telecommunications services. Applicant seeks

authority to provide these services in Idaho exchanges currently served by Qwest and Verizon. The local exchange services Applicant proposes to offer include business class local loop connectivity and transmission, including 2-wire, 4-wire, DS-0, DS-1, DS-3, and OCn local loops necessary to connect customers to UCN's nearest point of presence (POP).

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, Applicant 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 publicly-traded 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 Applicant'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%

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 Koeppel	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.

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%

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.

UCN will not construct any facilities in Idaho. UCN proposes to begin providing service in Idaho in the Third Quarter of 2005.

2. A written description of customer classes and customer service[s] that the applicant proposes to offer to the public.

UCN seeks authority to allow the company to offer existing and prospective customers resold and leased competitive local exchange telecommunications services. Applicant seeks authority to provide these services in Idaho exchanges currently served by Qwest and Verizon. The local exchange services Applicant proposes to offer include business class local loop connectivity and transmission, including 2-wire, 4-wire, DS-0, DS-1, DS-3, and OCn local loops necessary to connect customers to UCN's nearest point of presence (POP).

At least initially, UCN will offer local exchange services to business customers only.

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 services to Idaho business and residential consumers pursuant to Commission authority (Utility No. U-5979-C).

Applicant seeks authority to provide these services in Idaho exchanges currently served by Qwest and Verizon.

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.

Initially, Applicant seeks authority to provide resold local exchange services.

Applicant 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.

Applicant's local exchange services will be sold in competition with Qwest, AT&T, MCI, Level 3 and other non-rural incumbent LECs and CLECs currently providing services in Idaho.

4. A description of the property owned by the applicant clarifies the applicant's proposed services and operation.

Applicant 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 nearly \$16 million in revenues for the three month period ending September 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 and Press Release announcing the exercise of \$3.6 million in warrants). 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.

Kim 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 LECs, such as Qwest.

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.

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.

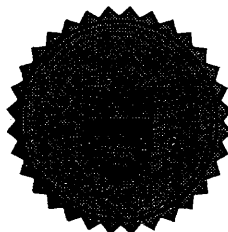
CERTIFICATE OF DESIGNATION, FILED THE TWENTY-THIRD DAY OF JUNE, A.D. 1999, AT 9 O'CLOCK A.M.

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.

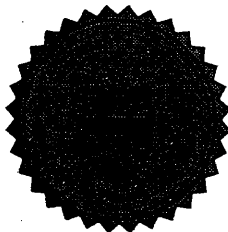
CERTIFICATE OF OWNERSHIP, FILED THE THIRTIETH DAY OF
DECEMBER, A.D. 2002, AT 5 O'CLOCK P.M.

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

**CERTIFICATE OF INCORPORATION
OF
BUL, INC.**

**ARTICLE I
NAME**

The name of the Corporation is BUL, Inc.

**ARTICLE II
REGISTERED OFFICE AND AGENT FOR SERVICE**

The address of the Corporation's registered office in the State of Delaware is in the county of New Castle, at 1013 Centre Road, Wilmington, Delaware 10805. The name of its registered agent at such address is Corporation Service Company.

**ARTICLE III
CORPORATE PURPOSES**

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

**ARTICLE IV
CAPITAL STOCK**

1. Shares, Classes and Series Authorized.

The total number of shares of all classes of capital stock that the Corporation shall have authority to issue is 25,000,000 shares. Stockholders shall not have any preemptive rights, nor shall stockholders have the right to cumulative voting in the election of directors or for any other purpose. The classes and the aggregate number of shares of stock of each class that the Corporation shall have authority to issue are as follows:

- (a) 20,000,000 shares of Common Stock, \$0.0001 par value ("Common Stock").
- (b) 5,000,000 shares of Preferred Stock, \$0.0001 par value ("Preferred Stock").

2. Powers and Rights of the Preferred Stock.

The Preferred Stock may be issued from time to time in one or more series, with such distinctive serial designations as may be stated or expressed in the resolution or resolutions providing for the issue of such stock adopted from time to time by the Board of Directors; and in such resolution or resolutions providing for the issuance of shares of each particular series, the Board of Directors is also expressly authorized to fix: the right to vote, if any; the consideration

for which the shares of such series are to be issued; the number of shares constituting such series, which number may be increased (except as otherwise fixed by the Board of Directors) or decreased (but not below the number of shares thereof then outstanding) from time to time by action of the Board of Directors; the rate of dividends upon which and the times at which dividends on shares of such series shall be payable and the preference, if any, which such dividends shall have relative to dividends on shares of any other class or classes or any other series of stock of the Corporation; whether such dividends shall be cumulative or noncumulative, and if cumulative, the date or dates from which dividends on shares of such series shall be cumulative; the rights, if any, which the holders of shares of such series shall have in the event of any voluntary or involuntary liquidation, merger, consolidation, distribution or sale of assets, dissolution or winding up of the affairs of the Corporation; the rights, if any, which the holders of shares of such series shall have to convert such shares into or exchange such shares for shares of any other class or classes or any other series of stock of the Corporation or for any debt securities of the Corporation and the terms and conditions, including price and rate of exchange, of such conversion or exchange; whether shares of such series shall be subject to redemption, and the redemption price or prices and other terms of redemption, if any, for shares of such series including, without limitation, a redemption price or prices payable in shares of Common Stock; the terms and amounts of any sinking fund for the purchase or redemption of shares of such series; and any and all other designations, preferences, and relative, participating, optional or other special rights, qualifications, limitations or restrictions thereof pertaining to shares of such series' permitted by law.

3. Issuance of the Common Stock and the Preferred Stock.

The Board of Directors of the Corporation may from time to time authorize by resolution the issuance of any or all shares of the Common Stock and the Preferred Stock herein authorized in accordance with the terms and conditions set forth in this Certificate of Incorporation for such purposes, in such amounts, to such persons, corporations or entities, for such consideration, and in the case of the Preferred Stock, in one or more series, all as the Board of Directors in its discretion may determine and without any vote or other action by the stockholders, except as otherwise required by law. The capital stock, after the amount of the subscription price, or par value, has been paid in shall not be subject to assessment to pay the debts of the Corporation.

ARTICLE V BOARD OF DIRECTORS

The governing board of the Corporation shall be known as directors, and the number of directors may from time to time be increased or decreased in such manner as shall be provided by the Bylaws of the Corporation, provided that the number of directors may not be less than one nor more than fifteen. Effective upon filing of this Certificate, the members of the board of directors, consisting of three persons, shall be as follows:

Rod Smith

66 E. Wadsworth Park Dr., Suite 101
Draper, Utah 84020

C. Douglas Smith

**66 E. Wadsworth Park Dr., Suite 101
Draper, Utah 84020**

Daniel R. Ainge

**66 E. Wadsworth Park Dr., Suite 101
Draper, Utah 84020**

ARTICLE VI POWERS OF BOARD OF DIRECTORS

The property and business of the Corporation shall be controlled and managed by or under the direction of its Board of Directors. In furtherance, and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized:

- 1. To make, alter, amend or repeal the Bylaws of the Corporation; provided, that no adoption, amendment, or repeal of the Bylaws shall invalidate any act of the board of directors that would have been valid prior to such adoption, amendment, or repeal;**
- 2. To determine the rights, powers, duties, rules and procedures that affect the power of the board of directors to manage and direct the property, business, and affairs of the Corporation, including the power to designate and empower committees of the board of directors, to elect, appoint and empower the officers and other agents of the Corporation, and to determine the time and place of, and the notice requirements for board meetings, as well as the manner of taking board action; and**
- 3. To exercise all such powers and do all such acts as may be exercised by the Corporation, subject to the provisions of the laws of the State of Delaware, this Certificate of Incorporation, and the Bylaws of the Corporation.**

ARTICLE VII INDEMNIFICATION

The Corporation shall indemnify and may advance expenses to its officers and directors to the fullest extent permitted by law in existence either now or hereafter.

ARTICLE VIII LIMITATION ON PERSONAL LIABILITY FOR DIRECTORS

A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of a fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law or (iv) for any transaction from which the director derived any improper personal benefit. If the Delaware General Corporation Law is amended hereafter to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation

shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Any repeal or modification of the foregoing paragraph by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

**ARTICLE IX
CERTIFICATE SUBJECT TO AMENDMENT**

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute or by the Certificate of Incorporation, and except as otherwise provided by this Certificate of Incorporation, all rights conferred upon stockholders herein are granted subject to this reservation.

**ARTICLE X
INCORPORATOR**

The sole incorporator of the Corporation is:

Rod Smith

66 E. Wadsworth Park Dr., Suite 101
Draper, Utah 84020

IN WITNESS WHEREOF, the undersigned, acting as the sole incorporator of the Corporation, signs this Certificate of Incorporation as his act and deed this 11th day of March, 1999.



Rod Smith


**CERTIFICATE OF MERGER
OF
BUYERS UNITED INTERNATIONAL, INC. (A Utah Corporation)
INTO
BUI, INC. (A Delaware Corporation)
Under Section 252 of the Delaware General Corporation Law**

The undersigned, an officer of BUI, INC., a Delaware corporation and the surviving corporation, does hereby certify that:

- FIRST:** The constituent corporations of the merger (the "Merger"), are BUI, INC., a Delaware corporation ("BUI"), and BUYERS UNITED INTERNATIONAL, INC., a Utah corporation ("Buyers United").
- SECOND:** BUI and Buyers United have each approved, adopted, certified, executed, and acknowledged a plan of merger (the "Plan of Merger"), with respect to the Merger in accordance with Section 252 of the General Corporation Law.
- THIRD:** The surviving corporation of the Merger will be BUI, and its name will be BUI, INC.
- FOURTH:** The certificate of incorporation of BUI as the surviving corporation shall be its certificate of incorporation as currently in effect.
- FIFTH:** The executed Plan of Merger is on file at the principal place of business of BUI, located at 66 E. Wadsworth Park Dr., Suite 101, Draper, Utah 84020.
- SIXTH:** Any stockholder of either BUI or Buyers United will be furnished with a copy of the Plan of Merger without cost upon request to BUI.
- SEVENTH:** The authorized capital stock of Buyers United is 100,000,000 shares of Common Stock, no par value.


IN WITNESS WHEREOF, the undersigned have executed this Certificate of Merger as of the 9th day of April, 1999, and affirms the contents hereof are true under the penalties of perjury.

Attest:



Paul Jarman, Secretary

BUI, INC.

By 

Rod Smith, President

