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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 Koeppe	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

