

STATE OF VERMONT
PUBLIC SERVICE BOARD

Petition of Vermont Telephone Company, Inc. for a)
Certificate of Public Good to Own and Operate a)
Cable Television System in the Company's Existing) Docket No. _____
Service Areas within the Municipalities of Andover,)
Athens, Bridgewater, Chester, Clarendon, Danby,)
Dorset, Grafton, Hartland, Ira, Killington,)
Middletown Springs, Mount Holly, Mount Tabor,)
Pawlet, Plymouth, Reading, Rockingham, Rupert,)
Shrewsbury, Springfield, Tinmouth, Wallingford,)
Weathersfield, Wells, West Windsor, Westminster,)
Windham, and Woodstock, Vermont Pursuant to 30)
V.S.A. §§ 503, 504)

PETITION

By this Petition, Vermont Telephone Company, Inc. ("VTel" or the "Company"), by and through the undersigned counsel and pursuant to 30 V.S.A. §§ 231, 503, 504, and Vermont Public Service Board ("Board") Rule 8.200, hereby petitions the Board to issue a Certificate of Public Good ("CPG") authorizing VTel to own and operate a cable television system in the Company's existing service area for local telecommunications service, defined by the telephone exchanges Bridgewater, Chester, Cuttingsville, Danby, Grafton, Hartland, Middletown Springs, Mount Holly, Pawlet, Saxtons River, Sherburne, Springfield, and Wallingford, which includes all or portions of the following municipalities: Andover, Athens, Bridgewater, Chester, Clarendon, Danby, Dorset, Grafton, Hartland, Ira, Killington, Middletown Springs, Mount Holly, Mount Tabor, Pawlet, Plymouth, Reading, Rockingham, Rupert, Shrewsbury, Springfield, Tinmouth, Wallingford, Weathersfield, Wells, West Windsor, Westminster, Windham, and Woodstock, Vermont (the "Service Area").

In support of its Petition, VTel represents as follows:

I. DESCRIPTION OF THE PETITIONERS

1. VTel is a corporation organized and existing under the laws of the State of Delaware.
2. VTel's principal office is located at 354 River Street, Springfield, Vermont, 05156.
3. VTel is a wholly owned subsidiary of Vermont National Telephone Company, Inc. ("VNAT"), a Delaware corporation with a principal office at 354 River Street, Springfield, Vermont, 05156.
4. VTel has provided telecommunications services (as defined in 30 V.S.A. §§ 201(a) and 203(5)) in Vermont since 1994, and is subject to the regulatory jurisdiction of the Board and the Vermont Department of Public Service ("Department"). VTel currently provides telecommunications services in the Service Area, pursuant to a CPG issued by the Board on June 14, 1994 in Docket Nos. 5716/5717.
5. The Service Area comprises 729.3 square miles, and VTel currently serves over 15,000 addresses, with over 1,000 miles of plant.
6. VTel offers telecommunications service under the VTel tradename.
7. Copies of VTel's Certificate of Good Standing and Tradename Registration are attached hereto as **Attachment A**.

II. THE PETITION

8. In 2010, the United States Department of Agriculture's Rural Utility Service ("RUS") approved the funding necessary to enable the Company to build the Wireless Open World project ("WOW Project") proposed by VTel.
9. Among other things, the WOW Project will involve high-speed Fiber-to-the-Home to provide Internet Protocol ("IP") based video, voice, and internet access services to VTel's existing telecommunications customers, including the video services that are the subject of this Petition.
10. VTel proposes to offer video services as described more fully below, under the VTel tradename within the Service Area. Maps identifying the Service Area and showing the general location of the area of initial build are attached as **Attachment B**.

11. Release of RUS funds for the WOW Project, including the proposed 4G wireless network, is contingent upon receipt of the video CPG requested herein.

Availability of Basic Service in a Competitive Market and, if a Competitive Market Does Not Exist, Basic Service at Reasonable Rates; Reasonable Quality of Service for Basic, Premium or Otherwise, Having Regard to Available Technology, Subscriber Interest, and Cost
(30 V.S.A. § 504(b)(5), (c)(1))

12. VTel proposes to offer cable television service consisting of channel line-ups substantially similar to the channel line-ups and tiers offered by many cable television companies in the U.S. today. **Attachment C** contains a representative offering, reflecting the current Burlington Telecom channel lineup. The actual channel offering will be developed at a later date. VTel cable service will consist of a menu of video offerings, including at least 50 channels. The basic cable service package will include at least 5 channels, for a price that is competitive with other cable services. Extended and premium channels will also be offered at competitive prices.
13. A rotating selection of movies and television shows will be available for customers as Video on Demand.
14. VTel's basic service will be reasonably priced. **Attachment D** contains a representative rate schedule, reflecting the current Burlington Telecom rate schedule. The actual rate schedule will be developed at a later date.
15. The IPTV technology to be used by VTel will ensure a reasonable quality of service in its service offerings.
16. VTel will provide basic service and expanded services which include several tiers and premium channels at reasonable costs to its subscribers and will ensure a reasonable quality of service in its service offerings pursuant to 30 V.S.A. § 504(b)(5), (c)(1).

Non-discrimination Among Customers of Basic Service

(30 V.S.A. § 504(b)(4))

17. VTel commits not to discriminate among customers regarding the type of service they receive.
18. VTel will maintain a rate sheet on file for inspection at its corporate office, located at 354 River Street, Springfield, Vermont.

**Designation of Adequate Channel Capacity for Public,
Educational, and Governmental Use;
Reasonably Broad Range of Public, Educational,
and Governmental Programming;
Present Service Offerings, Capability of Future Offerings**
(30 V.S.A. § 504(b)(1), (3); EMCO #2)

19. VTel's optical fiber network has been designed to be adequate and appropriate for public, educational, and governmental ("PEG") use, and VTel will provide a reasonably broad range of PEG programming.
20. VTel will designate and activate at least one and up to three or more PEG channels. There are currently many Access Management Organizations ("AMOs") in Vermont, and VTel intends to work with AMOs to facilitate PEG programming in the Service Area. VTel will advertise the availability of channel capacity and will invite requests for PEG channels in accordance with Board Rule 8.405.
21. Until one or more AMOs create programming for areas served by the VTel network, VTel will broadcast a scrolling bulletin board which will be available for advertising local events in addition to advertising the availability of channel capacity and other services VTel might itself develop. VTel will make facilities and funding available in accordance with Board Rules 8.415 and 8.417.
22. VTel will ensure its PEG access practices comply with PEG access provisions of Board Rules 8.401 through 8.435.
23. As indicated above, VTel proposes to install an IP-based Fiber-to-the-Home system that will ensure reasonable quality of service, and the ability to expand services in the future pursuant to 30 V.S.A. §504(b)(1), (3), and EMCO criterion 2.

Adequacy and Technical Soundness of Facilities and Equipment, and Signal Quality;
Conformance with All Applicable State and Federal Law and
Regulations and the National Electric Safety Code;
Quality of Engineering and Materials
(30 V.S.A. § 504(b)(2), (c)(2) & EMCO #8)

24. As indicated above, VTel's system will provide broadband video services to consumers using Fiber-to-the-Home, and any other technologies available to VTel and appropriate for the proposed service.
25. The system will be designed around commercially-available, standards-based equipment. See **Attachment E**. Until the engineering plans are fully approved by the RUS, final details are subject to change.
26. VTel will be subject to the requirements of Board Rule 8.000, including Rule 8.365(B), which requires compliance with the "Safety Rules for the Installation and Maintenance of Electric Supply and Communications Lines" of the National Bureau of Standards, with the National Electric Safety Code, and with all applicable federal, state, and municipal laws, ordinances, and regulations.
27. VTel's network will provide adequate and technically sound facilities, equipment, and signal quality pursuant to 30 V.S.A. § 504(b)(2), (c)(2), and EMCO criterion 8.

Competent Staffing;
Office Hours for Consumer Complaints and Repair Requests;
Ability to Manage a Cable Television System
(30 V.S.A. § 504(c)(3), (c)(4); (EMCO #4))

28. VTel will provide customer support through its existing Service Center, which is located in the main office in Springfield, Vermont, and provides direct customer account support for VTel's existing subscriber base. This experienced Service Center staff will service the VTel video customer base.
29. Customer service personnel will be available to take customer calls by means of the telephone during the hours of 8:00 am to 5:00 pm, Monday through Saturday.
30. VTel will make installation and trouble repair support through its Installation and Repair ("I&R") employees, who provide service for I&R orders Monday through Friday, 8:00

- am to 5:00 pm, and will provide after-hours and weekend support for out-of-service communications trouble cases on an on-call basis.
31. Installations for newly established properties and upgrades to existing properties will sometimes require a premise visit from an I&R technician to provide the appropriate Optical Network Terminal (“ONT”), to provision equipment and cabling to service the ONT, to establish connectivity to customer premise equipment and wiring, and to complete site installation of supporting inside-wiring and video set-top boxes.
 32. VTel is an experienced provider of telecommunications services in Vermont and has the requisite management and consumer-relations skills to operate a cable television business. The cable television operations will be managed by VTel’s staff.
 33. Michel Guite is the Chairman and CEO of VNAT, and prior to founding the company, was a Telecommunications Equipment industry analyst at Salomon Brothers, and a cable television industry consultant.
 34. Norm Koch, VTel’s Senior Project Coordinator, was formerly VTel’s General Manager and is actively managing system construction.
 35. Justin Robinson, VTel’s President, Engineering, has been employed by the Company for 15 years. Mr. Robinson will be the senior person responsible for overall technical integrity, system design, procurement, and deployment.
 36. As indicated above, VTel will utilize a competent staff, an office which will be open during usual business hours for consumer complaints and repair requests, and has the experience and ability to operate and manage a cable television system pursuant to 30 V.S.A. § 504(c)(3), (c)(4), and EMCO criterion 4.

**Reasonable Rules and Policies for Line Extensions, Disconnections,
Customer Deposits, and Billing Practices**
(30 V.S.A. § 504(c)(5))

37. VTel will abide by Board rules that are applicable to cable television systems with respect to consumer protection standards, disconnections, and consumer complaints.

38. VTel's complaints regarding disconnection, deposits, or billing practices have been very low, and VTel will endeavor to maintain this tradition.
39. VTel agrees to abide by the CAPI stipulated criteria-CATV Service Providers.
40. With regard to requests for line extensions to provide cable service, VTel will abide by Board Rule 8.000, including Rule 8.313, and shall file a statement of the Company's policy on expansions of service into unserved areas as a tariff for the Board's approval. With regard to requests for line extension to provide telephone service, VTel will continue to use its current telephone line extension policy. Where a customer requests a line extension for both cable and telephone service, VTel will apply whichever policy is less expensive for the customer.

Financial Soundness and Stability of Applicant and Proposal
(EMCO #1)

41. VTel is in sound financial condition and believes it can fulfill all financial requirements in connection with the operation of a cable television system in Vermont. See **Attachment F** (Pro Forma balance sheet and Income Statement).
42. VTel will provide separate financial accounting for cable operations in its annual report.
43. VTel's Cost Allocation Manual ("CAM") was approved by the Board on May 31, 2000. VTel has revised the CAM, which is attached as **Attachment G**, primarily to update account numbers and to reference the regional fiber network. The CAM is subject to further revisions as VTel's business continues to develop.

Commitment to a Construction Schedule
(EMCO #3)

44. VTel expects to complete construction of facilities to serve those customers currently served by VTel within the Service Area within two years of receiving a CPG.

Tariffs and Rates
(EMCO #5)

45. Cable television companies are no longer generally required to file tariffs setting forth the rates, terms, and conditions of service. 30 V.S.A. § 516; Board Rule 8.311(C).
46. VTel's draft rate schedule is described above. VTel will maintain a copy of its schedules of rates, terms, and conditions of service at its business offices, as required by Board Rule 8.312(A).

Consumer Policies
(EMCO # 6)

47. VTel commits to abide by the Board's rules that are applicable to cable television systems with respect to consumer protection standards and consumer complaints.
48. VTel also commits that Board requirements relating to telephone disconnections will apply to disconnection of telephone service provided either on a stand-alone basis or as part of a package that is bundled with cable television or other service. Where a single bill covers telephone and another service provided as separate (i.e. unbundled) services and the customer remits a partial payment without indicating how it is to be allocated among services, VTel will allocate the payment first to telephone service.
49. VTel's existing team will be used for the provision of cable television service.
50. As indicated above, VTel maintains customer service capabilities necessary to provide adequate service, and plans to do the same for the provision of cable television service.

Availability of Service to a Maximum Number of Residents
(EMCO #7)

51. Each of VTel's current telecommunications subscribers who requests VTel cable television service will have access to that service, once fiber facilities have been installed.
52. A Service Area coterminous with VTel's local telecommunications service area is appropriate because VTel will be using the same fiber facilities to serve both sets of customers. A service area based on municipal boundaries, on the other hand, would greatly expand the required area of service in those towns, such as Rupert and

Westminster, where the local telecommunications service area extends to only a small portion of the town.

53. VTel will respond to requests for line extensions beginning six months after completion of its initial build.

Logical Fit with Neighboring Systems
(EMCO # 9)

54. VTel's proposed services provide a logical fit with neighboring systems. Comcast of Connecticut/Georgia/Massachusetts/New Hampshire/New York/North Carolina/Virginia/Vermont, LLC ("Comcast") provides cable television service in most of Vermont and is the only cable television provider in the Service Area.
55. Some portions of the Service Area currently have no access to cable television service, and consequently VTel's ownership and operation of a cable television system in the Service Area will promote the public good by enabling the provision of cable television service in areas not served by other cable television providers.
56. For the above reasons, VTel meets the criteria of 30 V.S.A. § 504 and the EMCO Criteria and the Board should issue a CPG in the form attached as **Attachment H**.
57. VTel stands ready to provide any additional information requested by the Board or the Department, whether through filings, presentations in a workshop, or any other procedure.

WHEREFORE, VTel respectfully requests that the Board take the following actions:

- a. Proceed to review the Petition without the need for hearing, and promptly issue an order approving this Petition and issuing the CPG in the form attached;
- b. In the alternative, if the Board determines a hearing is necessary, schedule a prehearing conference as soon as convenient, and establish a schedule that will permit issuance of an order and CPG as soon as possible; and

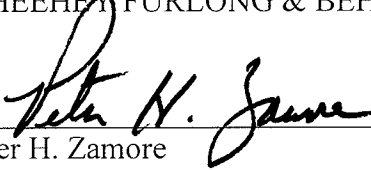
- c. Take such other measures as may be required for the expeditious review and approval of this Petition.

DATED at Burlington, Vermont this 30th day of June, 2011.

VERMONT TELEPHONE COMPANY, INC.

By: SHEEHY FURLONG & BEHM, P.C.

By: _____


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