

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application of Con-
solidated Telephone Company, Lincoln,)
Nebraska, for authority to install, own)
and operate a digital central office and)
toll ticketer at Applicant's Merna, Neb-)
raska, exchange, and to establish Appli-)
cant's Arthur, Nebraska, exchange as a)
digital remote facility from the Merna)
exchange.)

Application No. C-197

GRANTED

Entered: March 30, 1982

APPEARANCES: For applicant
Larry Carstenson, Attorney
P.O. Box 167
Aurora, Nebraska 68818

For protestant:
Paul M. Schudel, Attorney
1500 American Charter Center
Lincoln, Nebraska 68508

OPINION AND FINDINGS

BY THE COMMISSION:

By application filed on November 17, 1981, Consolidated Telephone Company, Lincoln, Nebraska, seeks authority to install, own and operate a digital central office at its Merna, Nebraska, exchange and to ultimately establish the Arthur, Nebraska, exchange of Consolidated Telephone Company as a digital remote facility of Applicant's Merna, Nebraska, exchange.

Notice of the filing of the application was published pursuant to the provisions of the Commission's Rules and Regulations. An Answer and Protest to the application was filed by Keystone-Arthur Telephone Company (Keystone) on December 21, 1981, but was subsequently withdrawn. No other protests or objections to the application were received by the Commission.

Public hearing was scheduled to be held on the application on March 10, 1982, at 9:30 a.m. in the Commission Hearing Room, 301 Centennial Mall South, Lincoln, Nebraska. On March 9, 1982 a Joint Motion and Stipulation was filed by Applicant and Keystone reciting that Applicant and Keystone had reached an agreement for the sale to Applicant of Keystone's toll facility between the Arthur, Nebraska, telephone exchange and the Keystone, Nebraska telephone exchange. The Joint Motion and Stipulation further recites that Keystone is willing to withdraw its protest to Application No. C-197. In the Joint Motion and Stipulation Applicant and Keystone pray that the Commission enter an order approving the agreement between Applicant and Keystone for sale of toll franchise rights, approving the installment payment of a portion of the purchase price to Keystone by Applicant, approving Application No. C-197 and granting to Applicant the Certificate of Convenience and Necessity requested by Applicant.

Upon the filing of the Joint Motion and Stipulation prior to the hearing date, the public hearing was cancelled and a short form hearing was held.

Upon consideration of the application, the evidence adduced at the hearing, and being fully advised, the Commission is of the opinion and finds that:

1. Applicant is a corporation organized and existing under the laws of the State of Nebraska with its principal place of business in Lincoln, Nebraska.
2. Keystone is a corporation organized and existing under the laws of the State of Nebraska with its principal place of business in Keystone, Nebraska.

3. Keystone owns and operates a complete telephone communications system in the Keystone and Lemoyne telephone exchanges located in Keith County, Nebraska, providing exchange, toll, and all other communications facilities and services therein, Keystone holds a certificate of convenience and necessity issued by this Commission pursuant to Chapter 75 of the Nebraska Revised Statutes, as amended and the rules and regulations of this Commission, to provide services and facilities for the transmission of toll messages from the Arthur telephone exchange for interconnection with the Bell System's toll network for use by the public.

4. Applicant conducts and operates a general telephone business in Arthur, Blaine, Thomas, Hooker and Grant Counties and in parts of Cherry, Brown, Custer, Loup, Logan, Sheridan and Garden Counties, Nebraska, under and by virtue of authority heretofore granted by the Nebraska Public Service Commission.

5. Applicant proposes to install a digital central office at Applicant's Merna, Nebraska, exchange to provide local switching for the Merna exchange and toll ticketing for all of Applicant's exchanges connected to the Merna-Broken Bow junction. With the addition of the digital central office Applicant will handle the switching and ticketing of all non-operator handled direct dialed calls originated by subscribers in applicant's exchanges. High usage trunk groups will be provided by Applicant to the communities of Broken Bow, Nebraska, and Grand Island, Nebraska, and to any other switching point which Applicant's traffic studies determine to be necessary.

6. The switching of Applicant's originating traffic and the concentrating of Applicant's outgoing traffic at the Merna exchange will result in substantial cost and equipment saving to Northwestern Bell Telephone Company (Bell) which provides the toll circuits beyond the junction of Bell's company and that of Applicant. Applicant will be compensated in part for this savings by an adjustment in settlement procedures with Bell.

7. Applicant will ultimately install a digital "remote" or "slave" facility at its Arthur, Nebraska, exchange and will transmit by digital carrier to the new digital central office at Merna all messages originating from the Arthur exchange. At the present time all Arthur exchange toll messages are transmitted from Arthur to Bell's toll center at Grand Island, Nebraska, via circuits provided to the Arthur exchange by Keystone which feed into circuits provided by Bell. The circuits provided by Keystone are carrier derived over a six pair 22 gauge aluminum sheathed cable buried about 30" to 50" deep. These facilities are now fully depreciated and will be replaced upon approval of this application by new facilities in the Consolidated Telephone Company area.

8. Upon approval of this application the traffic agreement dated May 24, 1968, between Keystone and Arthur Non-Stock Cooperative Telephone Company (which was acquired by Applicant in 1981 under authority granted to it by this Commission in its order entered in Application No. C-119) will be cancelled and Applicant will settle with Bell for all toll settlement functions originating or terminating at the Arthur, Nebraska, telephone exchange.

9. The subscribers of the Arthur exchange will experience the benefits realized by Applicant upon the approval of this application when all of Applicant's exchanges are interconnected with the digital central office at Applicant's Merna, Nebraska, exchange. Applicant will install and operate alarm circuits in all of its exchanges which possess capability of immediately and automatically reporting to Applicant's exchanges. At the present time a trouble report in an Arthur exchange circuit is received by an operator in Omaha, Nebraska, who transmits it to the business office of Applicant in Lincoln, Nebraska. With the installation of the alarm reporting equipment in the Arthur exchange any trouble reports will be electronically reported to the maintenance personnel of Applicant in the area. Down time of the Arthur exchange toll and local service circuits (as well as those of Applicant's other exchanges) will be significantly reduced when such equipment has been installed.

10. The authority requested by Applicant in this application and the proposed sale of the toll franchise rights to it by Keystone are to the advantage of all persons to whom service is rendered by Applicant and is in the public interest because Applicant will provide up-graded and fully modernized local and toll service to all of its exchanges.

11. By the Joint Stipulation and Motion of Applicant and Keystone both parties have requested this Commission to approve the payment of the purchase price to Keystone by Applicant on a deferred installment payment basis as set forth in Attachments B1 and B to the agreement for sale of franchise attached to said Joint Stipulation and Motion. The agreement for sale of toll franchise rights attached to the Joint Motion and Stipulation as Exhibit "A" recites that the total purchase price to be paid to Keystone by Applicant for the toll franchise rights to operate a toll facility from the central office of the Keystone, Nebraska, telephone exchange to the central office of the Arthur, Nebraska, telephone exchange is One Hundred Fifty Thousand Dollars (\$150,000.00) payable as follows: \$50,000.00 will be paid within thirty days after the approval of Application No. C-197 and the granting of a Certificate of Convenience and Necessity by this Commission to Applicant to operate the toll facility described above. The balance of the purchase price, or \$100,000.00, will be paid by Applicant to Keystone in one hundred twenty equal monthly amortized installments of \$1,434.71, with interest on the unpaid balance at the rate of twelve percent (12%). Applicant will grant to Keystone as security for the installment payments set forth above a second mortgage and security agreement on all of the real and personal property assets of Applicant's Arthur, Nebraska, telephone exchange, subject only to a first mortgage and security agreement is attached to the agreement filed as Exhibit "A" to the Joint Stipulation and Motion filed by Applicant and Keystone. The proposed deferred installment payment provisions appear to be reasonable and are consistent with sound fiscal management.

12. The acquisition of the toll franchise rights of Keystone, the installation of the digital central office at Applicant's Merna, Nebraska, exchange, and the concentrating of Applicant's originating and terminating traffic at the Merna Central office will result in better service for all telephone subscribers. The application as modified by the Joint Stipulation and Motion is in the best interests of Applicant and Keystone and their subscribers, is fair and reasonable, is in the public interest and should be granted.

ORDER

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-197, as modified by the Joint Stipulation and Motion, be and it is hereby granted, Keystone is hereby authorized to withdraw its Answer and Protest filed herein, and Consolidated Telephone Company be and it is hereby authorized to acquire the toll franchise rights of Keystone-Arthur Telephone Company extending from the central office of the Arthur, Nebraska, telephone exchange to the central office of the Keystone, Nebraska, telephone exchange under the terms and conditions set forth in the agreement for sale of toll franchise rights referred to in the Opinion and Findings herein.

IT IS FURTHER ORDERED that this order be and it is hereby made the Commission's Official Certificate of Public Convenience and Necessity to Consolidated Telephone Company to serve the toll franchise area described in the Opinion and Findings now owned by Keystone-Arthur Telephone Company, and to establish and operate a digital central office and toll ticketer at Applicant's Merna, Nebraska, exchange and to establish Applicant's Arthur, Nebraska, exchange as a digital remote facility from the Merna, Nebraska, exchange.

IT IS FURTHER ORDERED that Applicant be and it is hereby authorized to pay the balance of One Hundred Thousand Dollars (\$100,000.00) to Keystone-Arthur Telephone Company on an installment basis as set forth in the Opinion and Findings herein.

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MADE AND ENTERED at Lincoln, Nebraska, this 30th day of March, 1982.

NEBRASKA PUBLIC SERVICE COMMISSION

Harold D. Simpson

Chairman

ATTEST:

Terrence L. Kubicek

Executive Secretary

COMMISSIONERS CONCURRING:

Duane D. Hey