

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. C-771
of ITT Communication Services, Inc,))
for a Certificate of Public)
Convenience and Necessity to) GRANTED
provide InterLATA Interexchange)
Telecommunications Services within)
the State of Nebraska.) Entered: July 18, 1989

APPEARANCES: For the applicant
Loel P. Brooks, Attorney
Suite 807 NBC Center
Lincoln, Nebraska 68509

OPINION AND FINDINGS

BY THE COMMISSION:

By its application filed April 20, 1989, ITT Communications Services Inc., (ITTCSI) Secaucus, New Jersey seeks a Certificate of Public Convenience and Necessity to provide interLATA interexchange telecommunications services within the State of Nebraska.

Notice of the filing of the application was published pursuant to the provisions of the Commission's Rules and Regulations. No protests to the application were filed.

Pursuant to notice required by law, public hearing was held on the application on June 13, at 1:30 p.m. in the Commission Hearing Room, Lincoln, Nebraska with appearance as shown.

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 Delaware with its principal place of business in Secaucus, New Jersey. ITTCSI has authority from the Secretary of State to transact business in the State of Nebraska as a foreign corporation. It is engaged in the business of interexchange telecommunications services.

2. ITTCSI is 100% wholly owned by ITT Corporation, a Delaware Corporation. Any financing required for capital improvements, or for its initial investment is from ITT Corporation's retained earnings. They also have lines of credit established with banks for short term financial needs.

Application No. C-771

Page Two

3. ITTCSI plans to provide intrastate interLATA service to Nebraska residence and business customers primarily through resale of long distance facilities leased from other carriers. ITTCSI also proposes to provide operator services to its customers. It currently provides interstate service to Nebraska subscribers.

4. One witness testified for applicant: Kevin J. Duane, Manager-Rates, Tariffs and Agreements. Mr. Duane described the company's operations and history associated with its provision of services. He testified that they would primarily focus on residential users and small business users in Nebraska and not private line services or the higher volume WATS services at this time.

Mr. Duane testified that ITT Corporation and Metromedia Company are anticipating an agreement whereby Metromedia Long Distance, Inc, a subsidiary of Metromedia Company, incorporated under the laws of the state of Delaware, will acquire control of ITTCSI through an acquisition of all of the issued and outstanding shares of ITTCSI. No change was contemplated in the structure of ITTCSI or in the nature of the services offered to its customers. Neither Metromedia Long Distance nor Metromedia Company provides communications service in the state of Nebraska.

Mr. Duane testified that ITTCSI does not require that customers make a deposit or an advance payment. In addition, Mr. Duane stated that ITT chose to price its operator service at a level equal to AT&T for the reason that most people do not want to pay more than AT&T charges and they recognize that pricing philosophy.

Mr. Duane further testified that ITTCSI has been providing service for at least 11 years and has a large financial commitment in its network with beneficial ownership of a \$216,000,000 transmission and switching system.

5. The application 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-771 be and it is hereby granted and ITT Communications Services, Inc., be and it is hereby authorized to provide interLATA interexchange telecommunications services within the State of Nebraska.

IT IS FURTHER ORDERED that ITTCSI must comply with all the rules and regulations duly adopted by this Commission regarding Operator Services and other telecommunications services.

Application No. C-771

Page Three

IT IS FURTHER ORDERED that an application be made to the Commission for approval of a change in controlling interest in ITT Communications Services, Inc. prior to the acquisition of stock by Metromedia Long Distance.

IT IS FURTHER ORDERED that this order be and it is hereby made the Commission's Official Certificate of Public Convenience and Necessity to furnish the service authorized herein.

MADE AND ENTERED at Lincoln, Nebraska, this 18th day of July, 1989.

NEBRASKA PUBLIC SERVICE COMMISSION

Daniel G. Urwiller

Chairman

COMMISSIONERS CONCURRING:

Duane D. Gay

//s//Frank E. Landis
//s//James F. Munnelly
//s//Daniel G. Urwiller

ATTEST:

John R. Smith
Executive Director