

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the	)	Application No. C-903
Application of BSN Telecom	)	
Company, Colorado Springs,	)	GRANTED
Colorado which seeks authority	)	AS MODIFIED
to reseller of intrastate inter-	)	
exchange telecommunications	)	
services.	)	Entered: February 4, 1992

APPEARANCES:

Chas. H. Helein, Esq. and  
James Troup, Esq.  
ARTER & HADDEN  
1801 K St. Suite 400K  
Washington, D.C. 20006  
(202) 775-7964

Jeffrey P. Goltz, Esq.  
Legal Counsel, NPSC  
Communications Department  
P.O. Box 94927  
Lincoln, NE 68509

Donn Davis, Esq.  
CROSBY, GUENZEL, DAVIS,  
KESSNER & KUESTER  
Lincoln Benefit Building  
134 South 13th St. Suite 400  
Lincoln, NE 68508

By application filed October 2, 1991, BSN Telecom Company ("BSN") seeks authority to provide intrastate interLATA and intraLATA interexchange telecommunications services in Nebraska. The address of BSN's principal offices is:

BSN Telecom Company  
2975 Broadmoor Valley Road  
Colorado Springs, CO 80906  
(719) 576-0400

BSN's agent for service of process in Nebraska is:

C.T. Corporation System  
Suite 1500  
206 South 13th St.  
Lincoln, Nebraska 68508

Notice of the application was published in the Omaha **DAILY RECORD** October 8, 1991 in accordance with the Commission's rules of procedure. No protests to the application were received. Hearing on the application was held December 10, 1991 in the Commission Hearing Room, Lincoln, Nebraska with appearances as shown. Counsel were asked to provide late-filed exhibits which were received January 27, 1992.

## O P I N I O N   A N D   F I N D I N G S

## BY THE COMMISSION:

Upon consideration<sup>1</sup> of the application, the governing statutes and rules<sup>1</sup>, the evidence adduced at the hearing, and being fully informed in the premises, the Commission is of the opinion and finds:

1. Elene Hawkins testified on behalf of the applicant. Hawkins is BSN's Vice President of operations. Hawkins handles technical, operational, and regulatory affairs for BSN. She has 20 years experience in business management and technical operations administration and formerly was Project Manager for Westmarc Communications, Inc. Hawkins testified BSN's technical support is supplied by Anthony Deaver. Deaver has three years of previous experience in the telecommunications industry. He previously worked with Value Line in southeast Texas where he was a technical coordinator.

2. BSN was incorporated in Colorado March 13, 1991. It holds no corporate relationship with any other business entity. No state commission has ever rejected an application by BSN for reseller authority, nor has a formal complaint ever been filed against BSN. The applicant will provide service throughout Nebraska but Omaha and Lincoln will probably be the main focus. There will be no equipment located within the state. BSN purchases AT&T's Software Defined Network (SDN) and its Distributed Network Services (DNS). BSN has a five year contract with AT&T for five million minutes of usage per month. Since AT&T offers SDN and DNS on a high volume basis, small businesses cannot access the service directly; they lack sufficient volume. BSN puts together various business subscribers whose accumulated minutes permit BSN to engage SDN and DNS.

3. BSN has no customers in Nebraska while the application is pending. Where BSN already operates, it has about 4,000 customers; 1,500 are actually using the service now and are generating about \$300,000 per month in revenues. The remaining customers are in the process of being inputted into BSN's Software Defined Network. BSN projects a gross profit margin

---

<sup>1</sup> Interexchange reseller applications are governed by Neb. Rev. Stat. §75-604 and 86-805 (1990 and 1987 Reissues, respectively) and Title 291 Neb. Admin. Regs. Ch. 5, Rule 003.12.

of \$3.75 million on \$15 million worth of business. BSN anticipates a profit margin of 25 percent based on these figures. After overhead expenses of approximately \$3 million, BSN anticipates pre-tax profits of \$750,000. In Nebraska, BSN will market its reseller service to businesses and not to residential customers.

4. The applicant currently has authority and operates in Florida, Iowa, Kansas, Louisiana, Maryland, Montana, New Jersey, North Dakota, Texas, and Wisconsin. BSN also operates in Colorado, Michigan, Ohio, Pennsylvania, Tennessee, Utah, Virginia, and the District of Columbia (all of which do not regulate resellers). No applications have been denied, nor has the applicant been subject to any formal complaint proceeding before other state regulatory bodies.

5. Exhibits 1 and 3 are, respectively, a copy of BSN's articles of incorporation and of the certificate of authority to transact business in Nebraska as a foreign corporation issued by the Nebraska Secretary of State October 15, 1991. Exhibit 2 shows BSN issued one thousand shares of voting common stock to two shareholders: Leo Rostermundt (President) was issued 250 shares and L.T. Womack (Chairman) was issued the remainder.

6. No other state regulatory agency has required the applicant to procure a performance bond.

7.

(a) The applicant's Package A Rates Usage are based on three schedules:

**Schedule A -**

This schedule applies to calls between two on-network stations which use local exchange service access lines or between an on-network station which uses a local exchange service access line and an off-network station, or between two off-network stations in the state.

<u>RATES</u>							
<u>Initial 18 Seconds</u>				<u>Each Additional 6 Seconds</u>			
<u>or Fraction Thereof</u>				<u>Or Fraction Thereof</u>			
<u>Mileage</u>	<u>Day</u>	<u>Eve</u>	<u>Night/Wk</u>	<u>Day</u>	<u>Eve</u>	<u>Night/Wk</u>	
0-292	\$.0651	.0521	.0521	.0217	.0174	.0174	
293-430	.0697	.0558	.0558	.0237	.0190	.0190	
431 +	.0766	.0613	.0613	.0267	.0214	.0214	

**Schedule B -**

This schedule applies to calls between an on-network station which uses a special access line and either an on-network station that uses a local exchange service access line or an off-network station in the state. The rate for a call between stations whose access lines are associated with the same AT&T Central Office is the zero mileage rate.

Application No. C-903

Page -4-

<u>RATES</u>						
<u>Initial 18 Seconds</u> <u>or Fraction Thereof</u>				<u>Each Additional 6 Seconds</u> <u>Or Fraction Thereof</u>		
<u>Mileage</u>	<u>Day</u>	<u>Eve</u>	<u>Night/Wk</u>	<u>Day</u>	<u>Eve</u>	<u>Night/Wk</u>
0-292	\$.0396	.0297	.0297	.0132	.0099	.0999
293-400	.0432	.0324	.0324	.0150	.0113	.0113
431 +	.0488	.0366	.0366	.0177	.0133	.0133

**Schedule C -**

This schedule applies to calls between two on-network stations which use special access lines.

<u>RATES</u>						
<u>Initial 18 Seconds</u> <u>or Fraction Thereof</u>				<u>Each Additional 6 Seconds</u> <u>Or Fraction Thereof</u>		
<u>Mileage</u>	<u>Day</u>	<u>Eve</u>	<u>Night/Wk</u>	<u>Day</u>	<u>Eve</u>	<u>Night/Wk</u>
0-292	\$.0210	.0147	.0147	\$.0070	.0049	.0049
293-430	.0238	.0167	.0167	.0088	.0062	.0062
431 +	.0278	.0194	.0194	.0114	.0080	.0080

(b) Package B Usage Rates. Charges for each Package B call are totaled by rate period.

<u>RATES</u>		
<u>Initial 18 Seconds</u> <u>or Fraction Thereof</u>	<u>Each Additional 6 Seconds</u> <u>or Fraction Thereof</u>	
Day	\$.0672	.0224
Evening	.0603	.0201
Night/Weekend	.0603	.0201

8. According to the applicant's late-filed Exhibit 9, BSN's balance sheet reflects assets and liabilities of \$2.058 million as of November 31, 1991.

9. The application should be granted, but modified to reflect a restrictive amendment precluding the applicant from providing interexchange service and alternate operator service to correctional and jail facilities.

10. The applicant's proposed tariff which is part of its application is in accordance with the Commission's rules and regulations. The tariff appears reasonable in light of the proposed service.

11. Based on the testimony, the exhibits, and the proposed tariff, the application is fair and reasonable, is in the public interest, and should be granted as modified.

O R D E R

Application No. C-903

Page -5-

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-903 be, and it is hereby, granted as modified and BSN Telecom Company be, and it is hereby, authorized to operate as a resale carrier of intrastate interexchange InterLATA and intraLATA telecommunications services within the State of Nebraska. The applicant is restricted against providing such service to correctional and jail facilities.

IT IS FURTHER ORDERED that Applicant shall file, in accordance with the applicable statutes, an annual report with this Commission consisting of (a) a copy of any report filed with the Federal Communications Commission, (b) the annual report to stockholders, and (c) for the state of Nebraska on a combined interstate-intrastate basis, the investment in telephone plant and equipment located within the state, accumulated depreciation thereon, operating revenues, operating expenses, and taxes.

IT IS FURTHER ORDERED that the Applicant file an updated tariff prior to offering service pursuant to the certificate granted in this order.

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 4th day of February, 1992.

NEBRASKA PUBLIC SERVICE COMMISSION

Commissioners Concurring:

*Duane D. Gay*

//s//Frank E. Landis, Jr.

//s//James F. Munnelly

//s//Eric Rasmussen

*Frank E. Landis, Jr.*  
Chairman

ATTEST:

*John R. ...*  
Executive Director