

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the)	Application No. C-911
Application of Robert Cefail &)	
Associates American Inmate Com-)	
munications, Inc., Clearwater,)	
Florida which seeks authority to)	GRANTED
operate as a reseller of intra-)	
state InterLATA and IntraLATA)	
interexchange telecommunications)	
services in Nebraska.)	Entered: February 11, 1992

FOR THE APPLICANT

FOR THE COMMUNICATIONS DEPT.

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Scott Moreland, Deputy Technical Secretary
Robert Cefail & Associates American
Inmate Communications, Inc. and
Executive Vice President
American Inmate Communications, Inc.
7550 IH 10 West Suite 920
San Antonio, TX 78229
(512) 530-2000

By application filed December 2, 1991, Robert Cefail & Associates American Inmate Communications, Inc. ("RCAAIC") seeks authority to provide intrastate interLATA and intraLATA interexchange telecommunications services in Nebraska. The applicant's principal office is located at:

Robert Cefail & Associates, Inc. ("RC&A")
503 Cleveland Street Suite 400
Clearwater, FL 34615
(813) 461-2191

The applicant's registered agent is:

The Prentice-Hall Corporation System, Inc.
1141 "H" Street
Lincoln, NE 68508

Notice of the application was published in the Omaha *DAILY RECORD* December 6, 1991 in accordance with the Commission's rules of procedure. No protests to the application were received. Hearing on the application was held

January 21, 1992 in the Commission Hearing Room, Lincoln, Nebraska.

OPINION AND FINDINGS

BY THE COMMISSION:

Upon consideration¹ of the application, the governing statutes and rules¹, the evidence adduced at the hearing, and being fully informed in the premises, the Commission is of the opinion and finds:

The applicant is a corporate joint venture consisting of two corporations in business together to provide interexchange service. Robert Cefail and Associates, Inc., Clearwater, Florida is a marketer of telecommunications services. American Inmate Communications, Inc., San Antonio, Texas is a management firm for telecommunications services for correctional facilities. The two formed the applicant to avoid confusing vendors and clients. From the testimony adduced at the hearing, the financial statements provided for Robert Cefail & Associates, Inc. apparently include the applicant and American Inmate Communications, Inc. Robert Cefail & Associates, Inc. owns all assets and is responsible for the liabilities. American Inmate Communications manages the assets. According to the testimony at the hearing, the financial information was developed by Wiseman & Burke, an accounting firm in Glendale, California.

The applicant seeks to provide interexchange interLATA and intraLATA telecommunications services for correctional and detention facilities in Nebraska. This is accomplished by using an automated calling device which screens an inmate's call for "billability." Once the system shows the call qualifies for release, it is sent through the network to the receiving party. RCAIC collects the calling records retained in the system and processes them through a clearing house in California called Integretel (a billing and collection agency which does such work for numerous interexchange companies). The call records are then referred to the applicable local exchange telephone companies for placement on customer bills. In the applicant's case, only collect calls can be made on the system.

¹ 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.

Scott Moreland represented the applicant at the hearing. Moreland is the applicant's Deputy Technical Secretary and American Inmate Communications, Inc.'s Executive Vice President. The applicant was formed in February 1990 as a Florida corporation and is a private stock company. The major stockholders are Robert and Anatola Cefail and Michael Zentner. RCAAIC currently provides service to 155 correctional facilities in 18 states and handles approximately 2 million calls per month.

No state commission has rejected an application from RCAAIC for reseller authority, nor has a formal complaint ever been filed against it. The applicant has no customers in Nebraska while the application is pending, although Dawson County Jail has expressed interest in becoming a customer.

The application contains a copies of RCAAIC's articles of incorporation and certificate of authority to transact business in Nebraska as a foreign corporation issued by the Nebraska Secretary of State October 10, 1991. No other state regulatory agency has required the applicant to procure a performance bond.

RCAAIC' tariff states its services and facilities "are furnished for communications originating at detention or correctional institutions within the state of Nebraska under the terms of this Tariff. . . [It's] services are provided only to inmates of correctional institutions, prisons, jails, and penal facilities. This service is limited to automated calling only. RCAAIC utilizes a technically sophisticated software and validation system in all its telephones. Inmates are instructed by automation for the placement for (sic) each call. The called party is given automated instructions for accepting or declining the calling parties['] calls. . . Call screening and blocking is intentional in [the] RCAAIC, Inc. System. Screening and blocking features provide the maximum degree of control over the telecommunications services and help to minimize fraud. Screening and blocking service to eliminate harassing, threatening, or prank phone calls to judges, sheriffs, witnesses, jury members, emergency agencies (including "911") and live operators."

Rate Structure

1. Service Charge Per Call -
IntraLATA \$1.55 InterLATA \$1.75
2. Rate Per Minute -

<u>Mileage</u>	<u>Minute</u>	<u>Additional Minute</u>
00 - 22	.38	.24
23 - 40	.42	.28
41 - 70	.46	.32

71 - 124	.49	.35
125 - 292	.57	.43
293 +	.59	.45

According to the applicant's financial statements, Robert Cefail & Associates balance sheet reflects assets and liabilities of \$3.693 million as of September 30, 1991. Sales for the same period amounted to \$11.398 million and a gross profit of \$1.462 million. After expenses, the applicant's earnings before income tax were \$137,970. Considering the relative newness of this company, the figures do not demonstrate a lack of financial fitness.

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

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.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-911 be, and it is hereby, granted and Robert Cefail & Associates and American Inmate Communications, Inc., Clearwater, Florida 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.

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 11th day of February, 1992.

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NEBRASKA PUBLIC SERVICE COMMISSION

Commissioners Concurring:

Daniel G. Munnely

Dwaine D. Gay

//s//Frank E. Landis

//s//James F. Munnely

Frank Landis
Chairman

ATTEST:

Robert R. Kitz
Executive Director