

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application ) Application No. C-1016  
of GE Capital Communications )  
Services Corporation dba GE )  
Capital Exchange dba GE Exchange, )  
Atlanta, Georgia seeking authority ) GRANTED  
to operate as a reseller of )  
interexchange telecommunications )  
services within the State of )  
Nebraska. ) Entered: October 13, 1993

APPEARANCES

Timothy Dowd, Vice President For Marketing GE Capital Comm. Services Corp. 6540 Powers Ferry Road Atlanta, GA 30339 404-644-7600	Jeffrey P. Goltz, Staff Counsel Neb. Public Service Commission P.O. Box 94927 Lincoln, NE 68509 402-471-3101
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PRELIMINARY MATTERS

This application comes before the Commission pursuant to an application filed July 23, 1993 by GE Capital Communications Service Corporation dba GE Capital Exchange dba GE Exchange, Atlanta, Georgia. The applicant's address is noted above. Its books and records are maintained at the same address. GE Exchange seeks to operate as an intrastate interexchange reseller of interLATA and intraLATA long distance telecommunications services in Nebraska.

The applicant's resident agent is CT Corporation Systems, 206 South 13th, Suite 1500, Lincoln, NE 68508. Notice of the application was published in the Omaha Daily Record July 27, 1993. No one protested the application. Hearing was held in the Commission Hearing Room, Lincoln, Nebraska on September 13, 1993 with appearances as shown. Commissioner Munnelly chaired the proceeding.

BY THE COMMISSION

OPINION AND FINDINGS

Upon <sup>1</sup>consideration of the application, governing statutes and rules <sup>1</sup>, the Commission is of the opinion and finds:

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<sup>1</sup>Interexchange reseller applications are governed by Nebr.  
(Footnote Continued)

Nebraska was divided into three Local Access Transport Areas (LATAs) as a result of the terms of the Modified Final Judgment issued in the AT&T divestiture case. United States v. American Telephone and Telegraph Co., 552 F.Supp. 131 (D.D.C. 1982), aff'd sub nom., California v. United States, 460 U.S. 1001 (1983) and United States v. American Telephone and Telegraph Co., 569 F.Supp. 990 (D.D.C. 1983), aff'd sub nom., California v. United States, 460 U.S. 1001 (1983).

While Neb. Rev. Stat. 75-604, by its language, refers to local exchange service, the Nebraska Supreme Court in Northwestern Bell Telephone v. Consolidated Telephone Co., 180 Neb. 268, 142 N.W.2d 324 (1966) held that long distance service is also subject to the statute. This was recognized by the Legislature in LB 835 (LAWS 1986) because interexchange services (which include resellers) in section 86-805 are referenced to section 75-604. For this reason, the Commission distinguishes between intraLATA and interLATA reseller when deciding resale applications.

The applicant's witness, Timothy Dowd, testified, and the pleadings reflect, that the applicant seeks both interLATA and intraLATA authority. The filed application, upon which the Omaha Daily Record notice was based, does not seek authority to provide alternate operator service (AOS). We observe the Commission has consistently held that an application for reseller authority does not include<sup>2</sup> AOS unless specifically petitioned for in the application.

Dowd is GE Capital Communications Service's Vice President for Marketing. He holds an undergraduate degree in economics and an undergraduate degree in industrial engineering from Worcester Tech. After a two year management program in telecommunications information technology, he worked seven years for GE Information Services. During that time he was exposed to many of the GE corporate educational opportunities at its management institution in Crotonville, NY. He has held various positions in the telecommunications industry for GE both in the United States and abroad.

As regards the corporate relationship among the various entities already identified, GE Capital Communications Services

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(Footnote Continued)

Rev. Stat. 75-604 and 86-805 (1990 and 1987 REISSUES, resp.) entitled 291 NAC Ch. 5, Rule 003.12.

<sup>2</sup>We note that a late filed amendment at AOS to the application is an inadequate solution; the previously published of the application would not accurately reflect the authority sought in the application.

is the corporate entity under which GE Capital Exchange and GE Exchange operate. GE Capital Communications Services reports to GE Capital Services Corporation which is the parent corporation. Individuals in Nebraska will recognize the reseller entity as GE Exchange. GE Exchange was incorporated in Georgia in January of 1993. GE Exchange is privately held by GE Capital Services Corporation which is under the control of GE. GE Exchange currently has 45 employees and expects to have 100 employees by the end of 1993. Dowd estimated that approximately 40% of the employees have technical communications skills as opposed to sales skills. Dowd described GE Exchange's technical expertise as consisting of people with three or four years of experience at GE corporate headquarters managing GE telecommunications activities. These people have come either from the telecommunications industry, such as AT&T, Sprint, or MCI, or were recruited from the GE Corporation due to their experience in managing GE's diverse telecommunications requirements.

Dowd testified that in the last two months GE Exchange has been in the process of setting up approximately 1000 customers for its reseller services. He stated that the average customers has about \$650 a month in long distance usage. GE Exchange does not anticipate any facilities or employees being located in Nebraska and GE Exchange is strictly a switchless reseller.

GE Exchange has never had an application denied by a state commission. The applicant has been certificated or has pending applications in the following states: California, Colorado, Florida, Illinois, Iowa, Louisiana, Maryland, Massachusetts, Michigan, Montana, New Jersey, New York, Ohio, Oklahoma, Pennsylvania, Tennessee, Texas, Utah and Virginia. Dowd also testified that there have never been any formal complaints against GE Exchange.

If certificated in Nebraska, GE Exchange will offer outbound services, inbound 800 services, operator toll assistance, directory assistance and a GE Connect card. The underlying carrier will be either AT&T or Sprint. Dowd testified that GE Exchange is profitable as a reseller by purchasing a package of interstate and intrastate telecommunications services in large volume from its underlying carrier(s). GE then obtains a significant discount in the price of those services. That discount is passed along in part to GE Exchange subscribers who, acting individually, could not generate a sufficient volume of business to command a discount from the underlying interexchange carrier on his or her own.

The applicant's financial documentation was entered into the record as exhibit H and also as exhibit J. These financials were prepared by the accounting firm of Peat Marwick. The financial documents that were prepared and submitted as Exhibit J are for GE Capital Services Corporation which is the parent to GE Exchange and which provides the investment dollars to GE Exchange. For 1992, GE Capital Services Corporation earned \$18.4

billion for GE Capital Services Corporation. Its net earnings for 1992 totaled \$1.4 billion. For that same year, the company's assets and total liabilities and equity totaled \$154,524 billion.

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.

Applicant proposes to construct no facilities for use in intrastate service; therefore, no existing facilities will be duplicated if this application for reseller service<sup>3</sup> is granted.

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 C-1016 be, and it is hereby, granted and GE Capital Communications Services Corporation dba GE Capital Exchange dba GE Exchange, Atlanta, Georgia is authorized to operate as a resale carrier of intrastate interexchange interLATA and intraLATA long distance telecommunications services within the state of Nebraska.

IT IS FURTHER ORDERED that the applicant shall file, in accordance with the applicable statutes, an annual report with this Commission consisting of (a) a copy of any report filed the Federal Communications Commission, (b) the annual report to stock holders, and (c) for the state of Nebraska on a combined interstate-intrastate basis, 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 FINALLY ORDERED that this order be, and it is hereby, made the Commission's official certificate of authority to furnish the service authorized herein as a common carrier.

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<sup>3</sup>See section 75-604.

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MADE AND ENTERED at Lincoln, Nebraska this 13th day of  
October, 1993.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING

*Daniel G. Kravillier*  
*Duane D. Gay*

//s//Frank E. Landis, Jr.  
//s//James F. Munnelly

ATTEST:

*Frank E. Landis, Jr.*  
Chairman

*Robert R. King*  
Executive Director