

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. C-1237
of J.D. Services, Inc., d/b/a/)
American Freedom Network, of Salt)
Lake City, Utah seeking authority)
to operate as a resale carrier of) GRANTED
intrastate interLATA and intraLATA)
telecommunications services within)
the state of Nebraska.) Entered: November 21, 1995

APPEARANCES:

For the Applicant

Jerold B. Ricks
J D Services, Inc.
1844 South 3850 West
Salt Lake City, Utah 84104

For the Communications Department

Deonne L. Bruning
300 The Atrium, 1200 N Street
P.O. Box 94927
Lincoln, Nebraska 68508

PRELIMINARY MATTERS

JD Services, Inc., d/b/a American Freedom Network (hereinafter referred to as American) of Salt Lake City, Utah filed an application with the Commission on September 19, 1995. The company seeks authority to conduct business as an intrastate telecommunications common carrier offering resold intraLATA and interLATA long distance service. The applicant's business address is noted above. Notice of the application appeared in the Omaha Daily Record, September 21, 1995. American appeared before the Commission for a hearing, chaired by Commissioner Urwiller, November 8, 1995 in the Commission Hearing Room, Lincoln, Nebraska.

BY THE COMMISSION

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

Upon consideration of the application, the governing statutes and rules¹, the evidence adduced at the November 8, 1995 hearing, and being fully informed, the Commission is of the opinion and finds:

¹Interexchange reseller application are governed by Neb. Rev. Stats. 75-604 and 86-805 (Cum. Supp. 1994 and 1994 Reissue, respectively) and Title 291 Neb. Admin. Regs. Ch. 5, Rule 003.12.

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Nebraska was divided into three Local Access Transport Areas ("LATAs") as a result of the terms of the Modification of Final Judgement (the "MFJ") issued in the AT&T divestiture case. United States v. American Telephone & Telegraph Co., 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 & 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 provisions of the statute. This was recognized by the Legislature in LB 835 (LAWS 1986) because interexchange services (which include resellers) in Sec. 86-805 (part of LB 835) are referenced to in Sec. 75-604. For this reason, the Commission distinguishes between intraLATA and interLATA resale when deciding reseller applications.

Jerold B. Ricks, Founder and Chief Operating Officer of JD Services, testified. Mr. Ricks stated, and the pleadings reflect, the applicant seeks both intraLATA and interLATA authority. The application does not seek authority to provide Alternate Operator Services (AOS).

JD Services, Inc. is a privately held company with all of the issued stock owned by Debra and Jerold Ricks. The company originally started doing business as an agent for other telecommunication companies; however, the company quickly expanded its operations to offer 800 services on a resale basis to the public. Mr. Ricks stated at the hearing that the company determined there was more opportunity in the prepaid calling card business and therefore, JD Services has been actively marketing that aspect of the telecommunications industry, as opposed to 800 service.

Mr. Ricks has been an active participant in the telecommunication industry for six years and previously worked for Sprint, American Payphone Management and Network 2000, Inc. American Freedom Network will operate as a non-facilities based reseller of long distance telephone service offering prepaid calling cards.

The applicant has received authority to operate in Oregon and Texas and intends on becoming certified nationwide. No state has denied American a certificate of authority and no formal complaints have been filed against the company.

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The underlying carrier for the services will be MCI. American provides a toll-free 800 number for customer service, twenty-four hours a day, seven days a week.

Prepaid calling cards will be offered on both a wholesale and retail basis. Cards will be available at convenience and grocery stores. In addition, American will market its prepaid cards to a variety of groups, such as businesses whose employees travel or associations whose members have a common interest. Furthermore, American will market the calling cards to wholesale distributors who will be able to use their own private labels on the cards.

The prepaid card will be marketed in various dollar denominations, such as \$5, \$10, \$20 and \$50. The caller will be informed upon dialing how many minutes of calling time remain and a recording will remind the caller when one minute of conversation time is left. With a valid credit card, additional time can be added to the phone card by calling American's 800 number.

Financial information was provided to the Commission in the application. The statements reflect that the company is adequately financed and is capable of offering service within the state.

The proposed tariff, which is part of the application, is in accordance with the Commission's Rules and Regulations. The tariff states additional services may be offered in Nebraska, such as 800 services; however, Mr. Ricks stated that no active marketing of products other than prepaid calling cards will be conducted at this time.

In conclusion, Mr. Ricks testified that American Freedom Network will be able to provide quality services to customers at competitive rates. Further, he stated that the prepaid calling card is beneficial for those who travel frequently or who have children attending college away from home.

Based on the testimony, the exhibits, and the proposed tariff, the applicant has provided the requisite information, has demonstrated its financial resources, and has proven to be technically competent to provide service. 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-1237 be, and it is hereby, granted and JD Services, Inc., d/b/a American Freedom Network

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of Salt Lake City, Utah is hereby authorized to operate as a resale carrier of intrastate interexchange intraLATA and interLATA telecommunications services within the state of Nebraska.

IT IS FURTHER ORDERED that the applicant shall file, in accordance with the applicable statutes on or before April 30th of each year, an annual report with this Commission consisting of (a) a copy of any report filed with the Federal Communications Commission, (b) a copy of any annual report to stockholders, (c) a copy of the latest Form 10-K filed with the Securities and Exchange Commission, (d) balance sheet and income statement for the previous year of operation and (e) 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 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.

MADE AND ENTERED at Lincoln, Nebraska this 21st day of November, 1995.

COMMISSIONERS CONCURRING:

[Signature]
 //s//Rod Johnson
 //s//Frank E. Landis
 //s//James F. Munnelly
 //s//Daniel G. Urwiller

NEBRASKA PUBLIC SERVICE COMMISSION

[Signature]
 Chairman

ATTEST:

[Signature]
 Executive Director