

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. C-1240
of QAI, Inc. d/b/a Long Distance)
Billing of St. Paul, Minnesota)
seeking authority to operate as a) GRANTED
resale carrier of intrastate inter-)
LATA and intraLATA telecommunica-)
tions services within the state of)
Nebraska.) Entered: November 21, 1995

APPEARANCES:

For the Applicant

Elam Baer
28 West 5th Street, Suite 480
St. Paul, Minnesota 55102

For the Communications Department

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

PRELIMINARY MATTERS

QAI, Inc. (hereinafter referred to as QAI) of St. Paul, Minnesota filed an application with the Commission on September 29, 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, October 4, 1995. QAI appeared before the Commission for a video-conference hearing, chaired by Commissioner R. Johnson, November 7, 1995 in the Commission Library, 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 7, 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.

Application No. C-1240

PAGE TWO

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.

Elam Baer, President and CEO of QAI, Inc., testified. Mr. Baer 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).

QAI, Inc. is a privately held company that incorporated in July, 1992 in Minnesota. Mr. Baer testified the corporation is financially sound and is currently experiencing rapid growth.

The applicant has received authority to operate in ten states and applications are pending in 17 others. In addition, QAI expressed that by the middle of next year the corporation intends to be authorized to operate in roughly 40 states. No state has denied QAI a certificate of authority and no formal complaints have been filed against the company.

The underlying carrier for the services will be Allnet and Sprint. QAI retains the services of USBI, a San Antonio, Texas based billing clearinghouse, to handle problems with customer service or billing. USBI provides a toll-free 800 number, twenty-four hours a day, seven days a week and has been given broad authority by QAI to issue billing credits.

QAI will market 1+ and 800 services, as well as travel cards. QAI does not plan to offer debit cards. QAI will target small businesses that are currently spending less than \$250 a month on long distance calling. Mr. Baer stated that QAI can offer small businesses an opportunity for unified billing.

Application No. C-1240

PAGE THREE

QAI markets its products through salaried employees and also through independent agents. There are no plans to engage in multi-level marketing. In addition, QAI has a policy that addresses the problem of slamming by requiring that all sales be verified by an independent third party.

Financial information was provided to the Commission in the application. The statements reflect 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 that company may collect advance payments or deposits if deemed necessary. Mr. Baer agreed the company would abide by all Commission rules and regulations pertaining to deposits and advance payments.

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-1240 be, and it is hereby, granted and QAI, Inc., d/b/a Long Distance Billing of St. Paul, Minnesota 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.

Application No. C-1240

PAGE FOUR

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:



//s//Rod Johnson

//s//Frank E. Landis

//s//James F. Munnelly

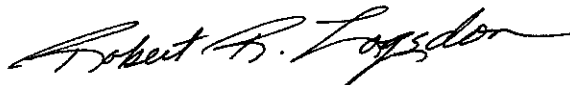
//s//Daniel G. Urwiller

NEBRASKA PUBLIC SERVICE COMMISSION



Chairman

ATTEST:



Executive Director