

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application of) Application No. C-1289
Citizens Telecommunications Company,)
d/b/a Citizens Telecom, of Elk Grove,)
California seeking authority to) GRANTED
operate as a resale carrier of)
intrastate interLATA and intraLATA)
telecommunications services within)
the state of Nebraska.) Entered: April 9, 1996

APPEARANCES:

For the Applicant:

Rodney L. Jordan
Director, State Regulatory Affairs
1035 Placer Street
Redding, CA 96001

For the Communications Department:

R. Andrew Massey
300 The Atrium, 1200 N St.
P.O. Box 94927
Lincoln, NE 68508

PRELIMINARY MATTERS

Citizens Telecommunications Company, d/b/a Citizens Telecom, of Elk Grove, California filed an application with the Commission on February 2, 1996. 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, on February 5, 1996. Citizens Telecom appeared before the Commission for a video-conference hearing, chaired by Commissioner Johnson, March 26, 1996 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 March 26, 1996 hearing, and being fully informed, the Commission is of the opinion and finds:

¹Interexchange reseller applications 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-1289

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.

Citizens Telecommunications Company, d/b/a Citizens Telecom, is a privately held company which was incorporated in 1993 in Delaware. Citizens Telecom is a subsidiary of Citizens Utilities Company, which holds 100% of its voting securities. Citizens Telecom seeks both intraLATA and interLATA authority.

Mr. Rodney Jordan testified on behalf of the applicant. Mr. Jordan is the Director of State Regulatory Affairs. He has been with Citizens Utilities since 1979 and has an educational background in accounting.

The applicant has received authority to operate in approximately nineteen (19) states and plans to become certified in all fifty (50) states. No state has denied Citizens Telecom a certificate of authority and no formal complaints have been filed against the company.

The underlying carrier for the services will be Frontier and LCI. Citizens Telecom uses Profit Tech for billing services. Citizens Telecom's name and customer service number is located on all its bills. In addition, Citizens Telecom has a toll-free 800 number for customer service, which operates everyday, twenty-four (24) hours a day.

At this time, Citizens Telecom markets 1+, 800 services, and travel cards to both residential customers and small to medium sized businesses. Some of the marketing techniques that will be used in Nebraska are direct mailing, telemarketing and eventually, direct sales agents. Citizens Telecom has incorporated a screening process to ensure that all its sales agents operate in good faith. In addition, Citizens Telecom

Application No. C-1289

PAGE THREE

has a policy that prohibits slamming. The applicant will not provide alternate operator services and does not require an advance deposit to obtain service.

Financial information was provided to the Commission in the application. The statements reflect the company has steadily increased its revenues. The proposed tariff, which is part of the application, is in accordance with the Commission's Rules and Regulations. However, a provision stating that the company does not require deposits or advance payments should be included in final version submitted to the Commission.

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-1289 be, and it is hereby, granted and Citizens Telecommunications Company, d/b/a Citizens Telecom, of Elk Grove, California 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.

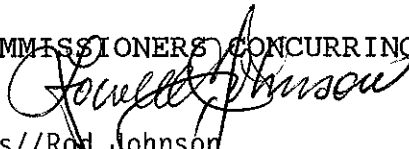
IT IS FINALLY ORDERED that this order be, and it is hereby made the Commission's official certificate of authority to furnish the service authorized herein as a common carrier.

Application No. C-1289

PAGE FOUR

MADE AND ENTERED at Lincoln, Nebraska this 9th day of April, 1996.



COMMISSIONERS CONCURRING:


//s//Rod Johnson
//s//James Munnelly
//s//Daniel G. Urwiller

NEBRASKA PUBLIC SERVICE COMMISSION

Chairman

ATTEST:



Executive Director