

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICES COMMISSION

In the Matter of the Application ) APPLICATION NO. C-1440  
of Aliant Midwest Inc. d/b/a )  
Aliant Communications of Lincoln, )  
Nebraska, seeking authority to )  
obtain a Certificate of Public )  
Convenience and Necessity to ) GRANTED  
provide local exchange service )  
in LATA 644 and 646 served by )  
US West Communications, Inc., )  
GTE Midwest, Inc. and United )  
Telephone Company of the West. ) ENTERED: MARCH 10, 1997

APPEARANCES:

For the Applicant:  
Aliant Midwest, Inc.  
Paul M. Schudel  
206 South 13th St., Suite 1500  
Lincoln, NE 68508

For the Formal Intervenor:  
Nebraska Independent  
Telephone Association  
Kelly Dahl  
Baird, Holm et. al.  
1500 Woodmen Tower  
Omaha, NE 68102-2068

For Arapahoe, Benkelman,  
Cozad, Henderson, Plainview  
and Wauneta Telephone  
Companies:  
Timothy F. Clare  
1201 Lincoln Mall, Suite 102  
Lincoln, NE 68508

BY THE COMMISSION:

By its application filed November 14, 1996, Aliant Midwest Inc. d/b/a Aliant Communications of Lincoln, Nebraska seeks authority to obtain a Certificate of Public Convenience and Necessity to provide local exchange service in LATA 644 and 646 in areas served by US West Communications (US West), GTE Midwest, Inc. (GTE) and United Telephone Company of the West (United). Notice of the application appeared in The Daily Record on November 18, 1996. The following parties filed petitions for formal intervention: Arapahoe Telephone; Benkelman Telephone; Cozad Telephone; Diller Telephone; Henderson Cooperative Telephone; Keystone-Arthur Telephone; Nebraska Independent Telephone Association; Plainview Telephone and Wauneta Telephone Company. A hearing was held on the application in the Commission Hearing Room on February 11, 1997.

In support of its application, Aliant introduced two exhibits and produced one witness, Brad S. Hedrick.

Application No. C-1440

PAGE TWO

Mr. Hedrick testified as follows:

Aliant Midwest is wholly-owned by Aliant Communications, Inc. (f/k/a Lincoln Telecommunications Company). Aliant Communications Co., the company currently providing local exchange services is also wholly-owned by Aliant Communications, Inc. Aliant Communications Co. has no ownership interest in Aliant Midwest. Aliant Midwest plans to add fifteen employees during 1997 either as transfers from affiliates or as new hires.

The applicant proposes to provide business and residential service, including custom calling, CLASS features, voice mail and advanced business telephone services in territories served by US West, GTE and United. Services will be provided via resale and through Aliant Midwest's facilities to all requesting customers.

Aliant Midwest's business plan is to offer local exchange service in Omaha, Grand Island, Fremont, North Platte, Norfolk, Kearney and Columbus. Aliant Midwest has already requested interconnection from US West and GTE. Depending upon customer demand and business plans, Aliant Midwest may expand into other markets in the future.

Aliant Midwest will be financially supported by its parent, Aliant Communications, Inc. Copies of Aliant Communications, Inc.'s Annual Report and its Form 10-K as of December 31, 1995 and Form 10-Q Report as of September 30, 1996 indicate the company is able to support Aliant Midwest in its pursuit to offer competitive local exchange services in Nebraska. Aliant Midwest plans to invest approximately \$3 million during 1997 to provide the services requested herein.

Aliant Midwest has experienced personnel that are capable of handling all technical matters for the company. Overall, the Aliant Midwest management team has over 130 years of combined telecommunications experience. Aliant Midwest received a Certificate of Authority from the Iowa Utilities Board to provide local exchange telecommunications services in Pottowatomie County, Iowa on January 21, 1997.

Aliant Midwest is committed to public safety and welfare. Accordingly, it will provide E911 service, directory assistance, telephone relay service and participate in universal service funding. Customers will receive state of the art services through digital switching systems. Further, Aliant Midwest will offer 611 to consumers to route repair calls to its customer service representatives and a toll-free number to Aliant Midwest's management personnel.

No other parties introduced testimony or evidence.

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

On February 8, 1996, President Clinton signed into law the Telecommunications Act of 1996 (the Act). One primary purpose of the Act is to promote the development of competition in local exchange service markets. This Commission finds that it should embrace and adopt the pro-competitive policies of the Act. The Commission further finds there is a strong likelihood that certain benefits will flow from a competitive environment, such as improved efficiency in the provision of services; accelerated deployment of technological innovations; improved customer service; innovative services to meet consumer needs and choice of providers for consumers.

As it currently does when evaluating applications for certificates of authority to provide interLATA interexchange services, the Commission will consider this application for authority in light of the following criteria and standards:

- (a) Whether the applicant has provided the information required by the Commission;
- (b) Whether the applicant has provided a performance bond, if required;
- (c) Whether the applicant possesses adequate financial resources to provide the proposed service;
- (d) Whether the applicant possesses adequate technical competence and resources to provide the proposed service;
- (e) Whether the applicant possesses adequate managerial competence to provide the proposed service; and
- (f) Whether granting the applicant a certificate preserves and advances universal service, protects the public safety and welfare and ensures the continued quality of telecommunications services and safeguards the rights of consumers, pursuant to Section 253(b) of the Act.

Aliant Midwest has demonstrated it meets the standards of financial, technical and managerial competence and all other criteria necessary to provide local exchange service, both facilities-based and resale, in Nebraska. No party to this proceeding refuted Aliant Midwest's competence. No performance bond is required.

Application No. C-1440

PAGE FOUR

Before Aliant Midwest is allowed to provide local exchange service to its users:

- (a) Aliant Midwest, either through negotiation or arbitration, must reach an interconnection agreement with the incumbent local exchange carrier;
- (b) The Commission must approve the interconnection agreement; and
- (c) Aliant Midwest must file, and the Commission must approve, a tariff in accordance with the provisions of Section 002.21 of Neb. Admin. R. & Regs. tit. 291, ch. 5.

Further, prior to providing service to any area outside the US West, GTE or United service areas located within LATAs 644 and 646, Aliant Midwest must obtain additional authority from this Commission to expand its service territory.

A stipulation was entered into by the parties. The intervenors who participated in the stipulation maintain the right and opportunity to contest any future application of Aliant Midwest to expand its service territory. Nothing in the stipulation shall in any way limit Aliant Midwest's right in connection with any such future application(s) to demonstrate to the Commission the applicant's satisfaction of any such criteria or standards established by the Commission.

As a provider of local exchange service in the state of Nebraska, Aliant Midwest would be subject to the same laws, rules and regulations, both federal and state (including any laws, rules or regulations regarding universal service, restrictions on joint marketing and quality of service), applicable to any other local exchange company except those obligations imposed on incumbent local exchange carriers pursuant to Section 251(c) of the Act.

# O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-1440 be and is hereby granted.

IT IS FURTHER ORDERED that upon final approval of the interconnection agreement, Aliant Midwest is granted authority to provide local exchange service, both on a resale basis and facilities basis, in the areas served by US West, GTE and United. Aliant Nebraska must make further application to this Commission for authority to provide local exchange service outside these areas.

Application No. C-1440

PAGE FIVE

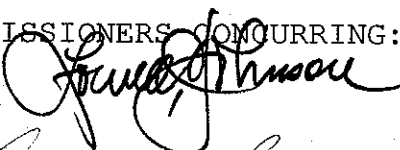
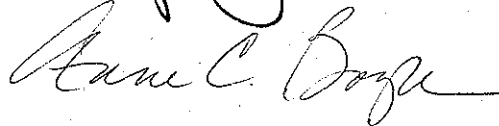
IT IS FURTHER ORDERED that Aliant shall abide by the same laws, rules and regulations, both federal and state (including any laws, rules or regulations regarding universal service, restrictions on joint marketing and quality of service), applicable to other local exchange carriers except obligations imposed on incumbent local exchange carriers pursuant to Section 251(c) of the Federal Telecommunications Act.

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) a 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 FINALLY ORDERED that this Order be and hereby is made the Commission's official certificate of convenience and necessity to the applicant to provide local exchange service within the territory described herein in Nebraska.

MADE AND ENTERED at Lincoln, Nebraska, this 10th day of March, 1997.

COMMISSIONERS CONCURRING:

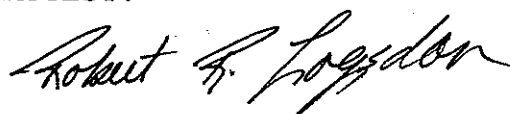
//s//Rod Johnson  
//s//Frank E. Landis  
//s//Daniel G. Urwiller

NEBRASKA PUBLIC SERVICE COMMISSION

Chairman



ATTEST:

  
Executive Director