

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. C-1636
of Phase 2 Telesystems, Inc., of)
Scottsdale, Arizona, seeking)
authority to operate as a resale) GRANTED
carrier of intrastate interLATA)
and intraLATA interexchange)
telecommunications services)
within the state of Nebraska.) Entered: October 28, 1997

BY THE COMMISSION:

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

By application filed September 22, 1997, Phase 2 Telesystems, Inc., ("Applicant") of Scottsdale, Arizona, seeks authority to provide intraLATA and interLATA interexchange telecommunications services in Nebraska. Notice of the application appeared in The Daily Record on September 24, 1997. No protests were filed; therefore, this application was administered pursuant to the Commission's Rules of Modified Procedure.

Applicant was incorporated under the laws of the state of Arizona on June 1, 1994, and received its certificate of authority to transact business in Nebraska as a foreign corporation on August 20, 1997. Applicant has filed for and plans to become certificated in the state of Georgia. Applicant has authority to operate in nine states. No state has denied applicant a certificate of authority.

Applicant's communications network in Nebraska will utilize the telecommunications facilities of carriers certificated with the Commission. The company's name and customer service number are printed on all its bills. In addition, applicant has a toll-free 800 number for customer service. Applicant will offer 1+ interexchange telecommunications and 800 services to both residential and business customers.

Financial statements submitted by the applicant for the periods ending December 31, 1995, 1996 and the latest interim period ending July 31, 1997, indicate that profitability has been achieved.

Interexchange reseller applications are subject to Commission jurisdiction under Neb. Rev. Stat. Sections 75-604 and 86-805 and Title 291 of the Commission's Rules and Regulations, Chapter 5, Rule 003.12. From examination of the application filed herein, the

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Commission finds: 1) Applicant has provided all the information required by the Commission; 2) Applicant has adequate financial resources to provide the proposed service; 3) Applicant possesses adequate technical competency to provide the proposed service; and 4) The application should be granted.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-1636 be, and it is hereby, granted and Phase 2 Telesystems, Inc., 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 and (c) a copy of the latest Form 10-K filed with the Securities and Exchange Commission. If applicant is unable to file items (a), (b) and (c), it shall submit a copy of its balance sheet and income statement for the previous year of operation, and schedules showing telephone plant and equipment located within the state, accumulated depreciation thereon, operating revenues, operating expenses, and taxes applicable to Nebraska operations or a statement that no operations were conducted.

IT IS FURTHER ORDERED that applicant file a tariff within thirty days.

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 28th day of October, 1997.

COMMISSIONERS CONCURRING:

[Signature]

[Signature]

//s//Rod Johnson

//s//Frank E. Landis

//s//Daniel G. Urwiller

NEBRASKA PUBLIC SERVICE COMMISSION

Chairman

[Signature]

ATTEST:

Executive Director

[Signature]