

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) APPLICATION No. C-1788
of US West Communications, Inc.)
of Englewood, Colorado, seeking)
authority to amend its Certifi-)
cate of Public Convenience and)
Necessity to provide inter-) GRANTED
exchange service within LATA 958)
and to provide local exchange)
service in local exchanges in)
LATA 958 served by Aliant)
Communications Co.) Entered: October 7, 1998

APPEARANCES:

For the Applicant:
Richard Johnson
1314 Douglas Street
Omaha, NE 68102

For the Commission Staff:
John Doyle
300 The Atrium, 1200 N Street
Lincoln, NE 68508

For Aliant Communications Co.
Paul Schudel
206 S. 13th Street
Suite 1500
Lincoln, NE 68508

BY THE COMMISSION:

On April 3, 1998, US West Communications, Inc. (US West or Applicant) of Englewood, Colorado, filed an application with the Commission seeking to amend its Certificate of Public Convenience and Necessity to provide interexchange service within LATA 958 and to provide local exchange service in local exchanges in LATA 958 served by Aliant Communications Co. Notice of the application was published in The Daily Record, Omaha, Nebraska, on April 7, 1998. Such notice was accepted into evidence as Exhibit 1. The following parties filed petitions for formal intervention: TCG Omaha (TCG), MCI, Aliant Communications Co. (Aliant), Nebraska Independent Telephone Association (NITA), Cambridge Telephone, Clarks Telephone, Consolidated Telephone, Consolidated Telco, Great Plains Communications, HunTel Systems, Inc., and Southeast Nebraska Telephone. AT&T filed a petition for informal intervention. Notice of a hearing on the matter was sent by first class mail to all interested parties on June 18, 1998, and was made a part of the record as Exhibit 2. A hearing was held on July 21, 1998, in the Commission Hearing Room, Lincoln, Nebraska, with appearances as shown above.

E V I D E N C E

Applicant produced one witness, Alan Johnson, who testified as follows:

He is employed by US West as the General Manager of Nebraska's local markets. He is responsible for the overall service and financial performance of markets served by US West in Nebraska. He had 14 years of telecommunications experience prior to joining US West in 1997.

US West is currently authorized to provide intraLATA interexchange telecommunications services in the 644 and 646 LATAs in Nebraska, as well as local exchange services in 63 exchanges located in those LATAs. In addition to Nebraska, US West is currently authorized to provide local exchange services and intraLATA interexchange services in 13 other states.

US West is a wholly-owned subsidiary of US West, Inc. US West is an incumbent local exchange carrier and will not be an affiliate trying to compete within its own territory.

US West possesses the technical and managerial competence and resources to provide local exchange telecommunications services in Nebraska. Four of the key technical managers of US West serving Nebraska have more than 70 years of telecommunications experience. US West supplies a wide range of services in Nebraska and for many years has consistently provided quality service to residential and business customers in Nebraska.

US West possesses the financial resources to provide local exchange telecommunications services in Nebraska. US West has a total investment of about \$1.5 billion in Nebraska. The average construction expenditures in Nebraska for the last five years has been approximately \$129.5 million. US West also has approximately 2,800 employees in the state of Nebraska.

US West seeks to provide services to Nebraska business and residential customers, including but not limited to: custom calling, CLASS feature, voice mail, AIN provided features, and advanced business telephone services. These services will be provided through both resale of incumbent local exchange carrier services and through US West's own facilities. The facilities based services will be provided through a digital central office site in Lincoln. US West is currently negotiating an interconnection agreement with Aliant Communications Co.

US West is committed to public safety and welfare through the provision of E-911 service and directory assistance. To safeguard the right of its customers, US West will provide a 800 number to call for repair service and a call center staffed to meet or exceed existing service levels.

The grant of this application will serve the public interest through improved efficiency in the provision of services, accelerated deployment of technological innovation, improved customer service, and a choice of providers for customers.

A copy of Mr. Johnson's direct testimony was entered into the record as Exhibit 3. A description of AIN provided features was entered into the record as late filed Exhibit 4.

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

Several intervenors entered into a stipulation not to oppose US West's application. In accordance with the stipulation, the Commission limits the scope of its review in this application to whether the applicant meets the criteria necessary to provide local exchange service in Nebraska in those territories presently served by Aliant. After examining the record, the Commission finds that US West has demonstrated that it meets the standards of financial, technical, and managerial competence and all other criteria necessary to provide resold local exchange service in those areas stipulated to. No party to this proceeding refuted US West's competence. No performance bond is required.

Before US West is allowed to provide local exchange service to its users:

- (a) US West, either through negotiation or arbitration, must reach an interconnection agreement with Aliant, the incumbent local exchange carrier;
- (b) The Commission must approve the interconnection agreement; and
- (c) US West 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 Aliant service areas, US West must obtain additional authority from this Commission to expand its service territory.

The intervenors who entered in the stipulation maintain the right and opportunity to contest any future application of US West to expand its service territory. Nothing in the stipulation shall in any way limit US West'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.

Through cross examination of Mr. Johnson, Aliant raised the issue of whether a separate entity must be established to separate the costs and revenues of US West having ILEC and CLEC operations. The Commission is of the opinion that this issue can be resolved by US West segregating revenue, expenses, taxes, and investment between its ILEC and CLEC operations to ensure that no cross subsidization occurs between these two elements of their business.

In addition to this requisite, as a provider of local exchange service in the state of Nebraska, US West 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. Therefore, the application to provide such service should be granted.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-1788 be, and it is hereby, granted.

IT IS FURTHER ORDERED that US West segregate expenses, revenues, taxes, and investment between its ILEC operations and its CLEC operations in LATA 958.

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

IT IS FURTHER ORDERED that US West Communications, Inc. 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

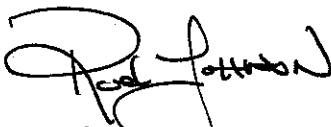
Securities and Exchange Commission, (d) a balance sheet and income statement for the previous year of operation, (e) for the State of Nebraska on a combined interstate-intrastate basis, the investment in telephone plant and equipment located within the state, accumulated depreciation thereon, operating revenues, operating expenses, and taxes, and (f) a statement listing the number of customers served by exchange.

IT IS FINALLY ORDERED that this order be, and it is hereby made, the Commission's official Certificate of Public 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 7th day of October, 1998.

COMMISSIONERS CONCURRING:

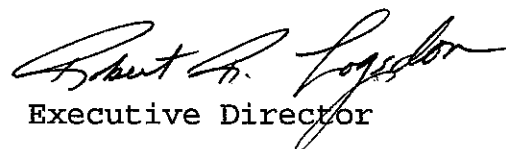
NEBRASKA PUBLIC SERVICE COMMISSION




Chairman

ATTEST:




Executive Director

//s//Lowell C. Johnson
//s//Frank E. Landis
//s//Daniel G. Urwiller