

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. C-1814
of Frontier Telemanagement, Inc.,)
Rochester, New York, for a Certi-)
ficate of Public Convenience and) GRANTED
Necessity to provide local ex-)
change telecommunications service)
within the State of Nebraska.) Entered: August 25, 1998

APPEARANCES:

For the Applicant:

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Lincoln, Nebraska 68508

For the Commission:

John Doyle
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For Arapahoe Telephone Com-
pany; Benkelman Telephone
Company; Cozad Telephone Com-
pany; Wauneta Telephone Com-
pany; Diller Telephone Company;
Hemingford Cooperative Tele-
phone Company; and Henderson
Cooperative Telephone Company:
Mark A. Fahleson
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1201 Lincoln Mall, Suite 102
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BY THE COMMISSION:

By its application filed May 14, 1998, Frontier Telemanage-
ment, Inc. (Applicant) seeks authority to obtain a Certificate of
Public Convenience and Necessity to provide resold local exchange
telecommunication services in the State of Nebraska. Notice of the
application appeared in The Daily Record on May 15, 1998. The fol-
lowing parties filed Petitions of Formal Intervention: Arapahoe
Telephone Company, Benkelman Telephone Company; Cozad Telephone
Company; Wauneta Telephone Company; Diller Telephone Company;
Hemingford Cooperative Telephone Company; Henderson Cooperative
Telephone Company; Aliant Communications Co.; Cambridge Telephone
Co.; Clarks Telecommunications Co.; Consolidated Telco, Inc.; Great
Plains Communications; HunTel Systems, Inc.; Nebraska Independent
Telephone Association; and Southeast Nebraska Telephone Co.
(collectively, Intervenor). A hearing was held August 11, 1998,
in the Commission Hearing Room, Lincoln, Nebraska, with appearances
as shown above.

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In support of its application, Applicant produced one witness, Michael J. Shortley, III, Senior Attorney and Director of Regulatory Services for the Applicant, who testified as follows:

Applicant is a Wisconsin corporation authorized to do business in the State of Nebraska and is a wholly-owned subsidiary of Frontier Corporation, previously known as Rochester Telephone Corporation, which, through its operating subsidiaries, is the eleventh largest local exchange service provider in the United States. Frontier Corporation owns 34 local telephone companies in 13 states and serves approximately 1,000,000 access lines. As of June 1998, Frontier Corporation had introduced competitive local exchange service in 30 states, covering nearly 70 percent of the population. Frontier Corporation is also the fifth largest long distance company in the United States, providing voice, data, video and teleconferencing services throughout the country, as well as providing communications and related services in the United Kingdom, Canada and Australia.

Through its parent company, Applicant has the financial capability to provide basic local exchange services throughout the geographic area of the proposed service territory. Frontier Corporation, the parent, had revenues of \$2.4 billion and operating income of approximately \$108 million in 1997. The Applicant's key management personnel possess extensive experience in telecommunications, electronics and marketing. Applicant, directly or through its affiliates, has been successfully providing resold local services in over 50 cities in seven states for over ten years and has the technical resources and abilities to resell basic local exchange services throughout the geographic areas of its proposed service territory. Applicant will contract with other Frontier Corporation subsidiaries and affiliates to provide many of the technical and customer service functions required to provide quality services to its customers. These affiliates have extensive experience and processes in place for the provisioning of local exchange services and for the provision of quality customer service and billing functions.

Applicant will resell US West Communications, Inc. (US West) and GTE Midwest, Inc. (GTE) basic local exchange service under their respective Nebraska tariffs. The reselling of US West and GTE's basic local exchange service will involve buying applicable

service from US West and GTE at a wholesale rate, marking it up, invoicing the end user, providing a customer service function and, when trouble is reported, acting as an interface between the end user and US West or GTE to effect repairs. No construction of facilities will be necessary in order for the Applicant to resell US West's or GTE's services.

The Applicant believes that the introduction of its services in Nebraska will be in the public interest by making competitive services available and by providing "one-stop shopping" to Nebraska telecommunications customers. The Applicant has been providing customers with the benefits of one-stop shopping in other states for many years and has the ability to bill local service and miscellaneous charges on a single bill through its "Expressview" invoice management software. In addition, in the event a customer chooses an affiliate of the Applicant for its long distance services, the Applicant can combine local and long distance charges in one bill.

Applicant's local service will provide customers with a connection to the exchange network which enables the customer to: (1) receive calls from and place calls to other stations on the public switched telephone network; (2) access the Applicant's operators and business office for service-related assistance, access directory assistance for the local calling area, access toll-free telecommunications services, access 911 and Enhanced 911 services for emergency calling, and access telephone relay service; and (3) access the interexchange network, either by presubscribing to the carrier of his or her choice for interLATA and intraLATA calling or accessing a provider on an *ad hoc* basis by dialing the provider's Carrier Identification Code.

Mr. Shortley testified that the quality of Applicant's telecommunication service will equal or exceed service provided by the incumbent local exchange carriers, US West and GTE. Applicant will follow all industry and technical standards in interconnecting with the networks of US West and GTE and will utilize state-of-the-art equipment in reselling basic local service. The technical, administrative, and financial arrangements that Applicant will establish with US West and GTE will be comparable to the arrangements US West and GTE have in place with other competitive local exchange carriers.

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In addition, Applicant's provisioning of local exchange service will likely result in additional rate options being made available to the public. Through its integrated switching platform, Applicant is able to offer bundled service offerings which include long distance, Internet services, wireless products and calling cards, thus giving customers more service options with alternate rate structures.

Universal service in Nebraska will be preserved and enhanced as a direct result of the availability of a greater number of options for the provision of low cost, high quality local exchange services.

Service, repair, maintenance, ordering, provisioning and billing services will be provided in a manner consistent with the standards enumerated in the Commission's Telecommunications Rules and Regulations. Applicant has a toll-free customer service number which will be printed on customer monthly billing statements. Applicant has a national Customer Service division in Green Bay, Wisconsin, and a sales office in Omaha. Bills will be rendered monthly, with fixed recurring charges billed in advance. Usage charges and minimum charges for service will be billed in arrears.

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

The Commission considers this application for authority in light of the following criteria and standards established in the Commission's telecommunications rules:

- (a) Whether Applicant has provided the information required by the Commission;
- (b) Whether Applicant has provided a performance bond, if required;
- (c) Whether Applicant possesses adequate financial resources to provide the proposed service;

- (d) Whether Applicant possesses adequate technical competence and resources to provide the proposed service;
- (e) Whether Applicant possesses adequate managerial competence to provide the proposed service; and
- (f) Whether granting Applicant a Certificate preserves and advances universal service, protects the public safety and welfare, ensures the continued quality of telecommunications services and safeguards the rights of consumers, pursuant to Section 253(b) of the Telecommunications Act of 1996 (Act).

Applicant has demonstrated that it meets the standards of financial, technical and managerial competence and all other criteria necessary to provide local exchange service on a resale basis in Nebraska. No party to this proceeding refuted the Applicant's competence. No performance bond is required.

Before the Applicant is allowed to provide local exchange service to its users:

- (a) The Applicant, either through negotiation or adoption, must reach an interconnection agreement with US West and GTE;
- (b) The Commission must approve the interconnection agreement; and
- (c) Applicant must file, and the Commission must approve, a tariff in accordance with the provisions of Section 002.21 of Neb. Admin. R. & Regs. Title 291, Chapter 5.

Further, prior to providing local exchange service to any area outside the respective US West and GTE service areas, the Applicant must obtain additional authority from this Commission to expand its service territory.

Applicant has entered into a Stipulation with the Intervenor not to oppose the application. However, the Intervenor maintain the right and opportunity to contest any future application of the Applicant to expand its service territory. Nothing in the Stipu-

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lation shall in any way limit Applicant's right in connection with any such future application to demonstrate to the Commission 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, the Applicant should 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-1814 be, and it is hereby, granted.

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

IT IS FURTHER ORDERED that Applicant 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 Act.

IT IS FURTHER ORDERED that Applicant shall file, in accordance with the applicable statutes, on or before April 30 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 such reports are unavailable, Applicant shall file a balance sheet and income statement for the previous year of operation, and for the State of Nebraska on a combined interstate-intrastate ba-

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sis, 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 it is hereby made, the Commission's official Certificate of Public Convenience and Necessity to Applicant to provide local exchange service within the territory described herein in Nebraska.

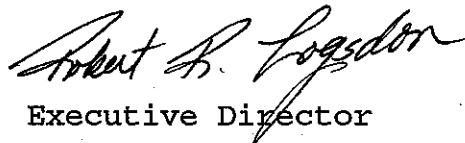
MADE AND ENTERED at Lincoln, Nebraska, this 25th day of August, 1998.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:


Chairman

ATTEST:


Executive Director

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