

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

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|---------------------------------------|---------------------------|
| In the Matter of the Application of) | Application No. C-2089 |
| Central Nebraska Telephone & Equip-) | |
| ment, Inc., for a Certificate of) | |
| Convenience and Necessity to pro-) | GRANTED |
| vide local exchange and interex-) | |
| change telecommunications services) | |
| in the state of Nebraska.) | Entered: November 4, 1999 |

APPEARANCES:

For the Applicant:
Andrew S. Pollock
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1248 "O" Street, Suite 984
Lincoln, Nebraska 68508-1424

For the Commission:
Chris Post
300 The Atrium
1200 "N" Street
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BY THE COMMISSION:

By its application filed August 3, 1999, Central Nebraska Telephone & Equipment, Inc. (applicant), seeks authority to provide local exchange and interexchange telecommunications services in the State of Nebraska. Notice of the application appeared in The Daily Record on August 5, 1999. No parties intervened. A hearing on the application was held October 14, 1999, in the Commission Library, Lincoln, Nebraska, with appearances as shown above.

In support of its application, the applicant produced one witness, Bill Bremer, Communications Consultant of the applicant, who testified as follows:

Mr. Bremer testified that the applicant is a Nebraska corporation and has its corporate headquarters in Holdrege. Mr. Bremer joined the applicant in January 1997. In his current position, Mr. Bremer assists clients in establishing and attaining their communications goals. He is responsible for coordinating all phases of installation and training.

Mr. Bremer has over 20 years of experience as a Communications Consultant with interconnect companies. He received a Bachelor of General Studies degree from the University of Nebraska at Omaha in 1969.

The applicant seeks authority to provide local exchange and interexchange services in nursing homes, assisted living facilities and similar care facilities (collectively referred to hereinafter as "care facilities") in territories currently served by ALLTEL Communications (ALLTEL), GTE Midwest Incorporated (GTE), United Telephone Company of the West (Sprint) and US West Communications, Inc. (US West).

The applicant intends to target its marketing efforts to care facilities that need facility-wide service for residents and staff. To provide service, the applicant will purchase or lease Direct Inward Dial (DID) lines or the equivalent from the incumbent local exchange carrier (ILEC). These lines will be directed into Private Branch Exchanges (PBX) or the equivalent, which will be utilized to provide local exchange services, including custom calling features, to end users, typically the residents and staff of the care facilities. Additionally, the end users will have direct access to long distance, emergency and operator services. The applicant also provides the on-premises equipment, such as the PBXs and call accounting systems, to the care facilities. Applicant requests authority to provide all forms of local exchange services in order to permit flexibility in expanding its service offering to later include a full range of voice services.

Mr. Bremer testified that the applicant has sufficient managerial and technical resources and abilities to provide local exchange telecommunications services to care facilities in the proposed service territory. The applicant is a small, well-established, high tech company. Its employees have many years of experience in the telecommunications industry. Since 1984, when it was founded, the applicant has provided telecommunications systems for care facilities in Nebraska. The applicant installs and maintains those systems and also provides training and consultation to its customers and the end users of the systems. Mr. Bremer further testified that the applicant's service will satisfy the minimum service standards established by the Commission.

Mr. Bremer also presented testimony showing that the applicant has sufficient financial resources to implement and provision its local exchange telecommunications services to care facilities in the its proposed service territory. The applicant's financial statements were attached, under seal, as Exhibits C and D to the application. Mr. Bremer testified that these financial reports demonstrate that applicant is financially qualified to provide the proposed telecommunications services. Mr. Bremer requested that the Commission view its financial resources in the correct context. He acknowledged that the applicant is a small company with limited resources at the present time. He pointed out, however, that the application seeks limited authority as well - both in terms of the types of subscribers and the region applicant will serve. According to Mr. Bremer, the applicant's resources are sufficient to enable it to provide basic local exchange and resold inter-exchange service to care facilities in the four ILECs' territories identified in the application.

Mr. Bremer further testified that a grant of the applicant's application will promote the public interest by expanding the availability and variety of high quality telecommunications services in Nebraska. In particular, the applicant's services in care facilities will enable such facilities to offer their residents facility-wide telephone services similar to services provided in hospitals. Moreover, the applicant will provide service to residents of care facilities without any installation fee. Such installation fees can pose great burdens for care facilities'

residents, especially when the resident moves from room to room within a care facility.

Upon questioning by the Commission, Mr. Bremer testified that the rates charged by the applicant will be similar to rates presently charged by ILECs. Mr. Bremer further testified that residents of care facilities will have a choice in provider. Care facilities' residents will have access to the ILEC providing the underlying service to each respective care facility and to any competitive local exchange carriers (CLECs) which establish access to care facilities either by reselling the ILEC's service, leasing portions of the ILEC's network, or directly interfacing with the care facility at the minimum point of entry (MPOE). Moreover, cross connects may be used to allow care facility residents to access the ILEC or any other LEC.

No other parties introduced testimony or evidence at the hearing.

In a late-filed exhibit, the applicant clarified that the applicant, and not the care facility, will obtain the underlying service from the respective ILEC. The applicant will secure interconnection agreements from the ILECs for provision of those underlying services. This will avoid any issue of whether residents of care facilities make duplicate payments of the Nebraska Universal Service Fund surcharge and other surcharges, taxes and fees. Additionally, the applicant reaffirmed its commitment that residents of the care facilities it serves will have the opportunity to choose local exchange carriers other than the applicant.

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 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, ensures the continued quality of telecom-

munications services and safeguards the rights of consumers, pursuant to Section 253(b) of the 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 in the state of Nebraska to care facilities in the territories presently served by ALLTELL, GTE, Sprint and US West. While applicant might fall somewhat short of the Commission's ordinary standards relating to financial resources for carriers providing ubiquitous service throughout service territories, applicant appears financially qualified to provide services to the limited group of customers it seeks to serve - that is, residents and staff of care facilities. No evidence was submitted or testimony elicited to suggest that the applicant is not qualified to provide its proposed services in light of the criteria this Commission must consider.

The Commission had a concern about whether residents of care facilities might not have an opportunity to choose other providers of local exchange services. The applicant addressed this issue in its testimony at the hearing and in an exhibit filed after the hearing. The applicant has assured the Commission that residents of care facilities will have a choice in local service provider. The Commission recognizes that much of the issue of choice will lie in the hands of the ILEC serving the respective care facilities. In other words, it is the ILEC that is responsible for ensuring that CLECs have access to care facilities.

The Commission also had a concern about testimony adduced at the hearing that suggested that the care facility, as opposed to the applicant, would obtain the underlying service from the ILEC. That testimony was inconsistent with allegations made in the application. In a late-filed exhibit, the applicant clarified this issue. The applicant assured the Commission that the applicant, and not the care facility, will obtain the underlying service from the respective ILEC. The applicant will secure interconnection agreements from the ILECs for provision of those underlying services. As the applicant stated, this will prevent a situation in which residents of care facilities might make duplicate payments of the Nebraska Universal Service Fund surcharge and other surcharges, taxes and fees.

For the above reasons, the Commission is of the opinion and finds that Application No. C-2089 should be granted.

O R D E R

IT IS THEREFORE ORDERED by the Commission that Application No. C-2089 be and is hereby granted.

IT IS FURTHER ORDERED that the applicant comply with Section 251(f)(1)(B) of the Telecommunications Act of 1996 and that the applicant submit any bona fide request(s) for interconnection, services, or network elements from a rural telephone company to the Commission for its approval.

IT IS FURTHER ORDERED that applicant is obligated to 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, to the extent the applicant provides access line service as referenced in the Telecommunications Relay System Act, Neb. Rev. Stat. §§ 86-1302 - 86-1306 (Relay Act) and defined in Neb. Admin. R. & Reg. tit. 291, ch. 5, § 001.01B, the applicant shall collect from its subscribers a surcharge (Relay Surcharge) pursuant to the Relay Act and the Commission's annual orders establishing the amount of the Relay Surcharge, and shall remit to the Commission the proceeds from the Relay Surcharge, as provided by the Relay Act.

IT IS FURTHER ORDERED that the applicant comply with all necessary statutes and Commission rules and regulations as they pertain to the Nebraska Universal Service Fund.

IT IS FURTHER ORDERED that within 30 days from the entry of this order that the applicant file a tariff with the Commission as required by state statutes and the Commission's regulations.

IT IS FINALLY ORDERED that this order be and hereby is made the Commission's official Certificate of Public Convenience and Necessity to the applicant to provide local exchange and inter-exchange service to residents and staff of care facilities within Nebraska. The applicant's certificate to provide local exchange service is limited to the territories presently served by ALLTEL, GTE, Sprint and US West.

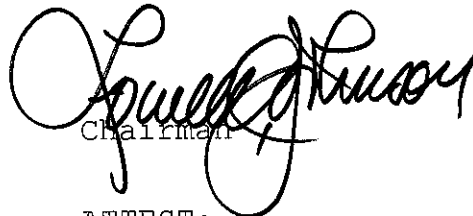
MADE AND ENTERED at Lincoln, Nebraska, this 4th day of November 1999.

NEBRASKA PUBLIC SERVICE COMMISSION

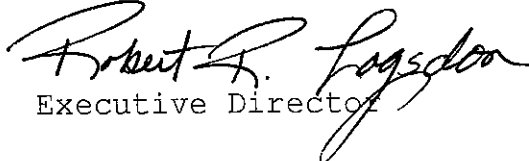
COMMISSIONERS CONCURRING:



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


Chairman

ATTEST:


Executive Director

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