

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application of) Application No. C-2214
KMC Telecom IV, Duluth, Georgia,)
seeking authority to obtain a)
Certificate of Public Convenience) GRANTED
and Necessity to provide local ex-)
change telecommunications services)
within the state of Nebraska.) Entered: March 28, 2000

APPEARANCES:

	For the Applicant:	For Arapahoe
Telephone Company;		
	Jon C. Bruning	Benkelman Telephone
Company;		
	Bruning Law Office	Cozad Telephone
Company; Diller		
	1079 N. 204th Ave.	Telephone
Company; Hemingford		
	Elkhorn, NE 68022	Cooperative
Telephone Company;		
	Henderson Cooperative Telephone	
	For the Commission:	Company; and
Wauneta Telephone		
	Shanicee Knutson	Company:
Chris Post		
	300 The Atrium	Mark Fahleson
	1200 N Street	Rembolt, Ludtke & Berger
Lincoln, Nebraska 68508	1201 Lincoln Mall, Suite 102	
	Lincoln, Nebraska 68508	

BY THE COMMISSION:

By its application filed January 31, 2000, KMC Telecom IV (Applicant) seeks authority to provide local exchange telecommunications services in the state of Nebraska. Notice of the application appeared in The Daily Record on February 1, 2000. The following parties filed petitions of formal intervention: Arapahoe Telephone Company; Benkelman Telephone Company, Inc.; Cozad Telephone Company; Diller Telephone Company; Hemingford Cooperative Telephone Company; Henderson Cooperative Telephone Company; Wauneta Telephone Company; Consolidated Telco, Inc.; Consolidated Telephone Company; and the Nebraska Independent Telephone Association (collectively referred to hereafter as the Intervenor). A hearing on the application was held March 14, 2000, in the Commission Hearing Room, Lincoln, Nebraska, with appearances as shown above.

E V I D E N C E

In support of its application, the applicant produced one witness, John McLaughlin,

Manager of Regulatory Affairs for the applicant, who testified as follows:

Mr. McLaughlin testified that the applicant is a privately-held company organized under the laws of the state of Delaware that has its headquarters in Duluth, Georgia. Applicant has obtained authority to transact business in the state of Nebraska. Applicant currently provides facilities-based local exchange telephone services to customers in Florida and has been certified to provide local exchange services by more than 20 states.

The applicant applied for statewide authority and did not agree to limit its authority to the territories currently served by Aliant Communications Co., d/b/a ALLTEL (ALLTEL), GTE Midwest Incorporated (GTE), United Telephone Company of the West (Sprint) and US West Communications, Inc. (US West).

Mr. McLaughlin testified that applicant proposes to provide local service using its own facilities. The applicant will engage in direct marketing to notify Nebraska businesses and residents that its services are available. A direct sales force will be utilized. Interested customers will pay the cost of the local service plus the applicable installation charges.

Mr. McLaughlin testified that the applicant has sufficient managerial and technical resources and abilities to provide local exchange telecommunications services in the proposed service territory. The applicant's management team is composed of individuals that have many years of combined technical, managerial and business experience. Mr. McLaughlin also presented testimony showing that the applicant has sufficient financial resources to implement and provision its local exchange telecommunications services in Nebraska. Mr. McLaughlin testified that the applicant's financial health is guaranteed by its parent company in the application filed with the Commission on January 31, 2000. Mr. McLaughlin testified that these financial reports, along with the guarantee of the parent company to provide capital as necessary, demonstrate that applicant has the financial resources required to provide the proposed telecommunications services.

Mr. McLaughlin further testified that granting the application will promote the public interest by providing consumers a choice in providers. Consumers will not have to purchase the applicant's services since it is not the carrier of last resort. The applicant's provisioning of service will enhance the goals of universal service, promote the policies set forth in the Telecommunications Act of 1996 (the Act), and advance the objective of the Commission which is set forth in Application No. C-1128, Progression Order No. 3, dated December 19, 1995, relating to the implementation of local exchange competition.

Mr. McLaughlin testified that customers may inquire about bills through a toll-free number during regular business hours. Customers

will have access to the operator services as well as 911 services through the existing ILECs. Applicant will contract with ILECs to provide customers with directory listings and for the distribution of directories.

Mr. McLaughlin confirmed that this application is not a bona fide request for interconnection with any rural telephone provider as defined by the Act. He also testified that he understood any request for interconnection with a rural telephone provider may trigger a hearing by this Commission as to whether or not the rural exemption discussed in the Act applies to that particular rural telephone company.

No other parties introduced testimony or evidence at the hearing.

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 telecommunications 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. No party in this proceeding refuted the applicant's competence.

These opinions and findings carry no precedential value other than establishing minimum standards and criteria to apply when

considering applications to provide local exchange service in the above-mentioned territories. All telecommunications carriers seeking such a certificate must demonstrate that they meet, at a minimum, the standards and criteria set forth herein.

Before the applicant is allowed to provide local exchange service to its users, it must either:

(a) Through negotiation or arbitration, reach an interconnection/resale agreement with the pertinent incumbent local exchange carrier and receive Commission approval of the interconnection/resale agreement; or

(b) In the event a certified local exchange carrier provides a wholesale tariff, purchase rates from that tariff, file its own tariff and receive Commission approval of its tariff.

This order does not terminate, waive or in any manner diminish the exemptions and protections created by the Act for rural carriers, as defined by the Act. This order does not address the issue of the rural local exchange carrier exemption under the Act. Rural exemptions may be terminated, suspended or modified only as provided in Section 251(f) of the Act.

Prior to providing local exchange service in any area in the state of Nebraska, applicant must file and the Commission must approve, tariffs in accordance with the provisions of Section 002.21 of the Neb. Admin. R. & Regs. Title 291, ch. 5.

As a provider of local exchange service in the state of Nebraska, applicant 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 ILECs 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-2214 be, and hereby is, granted.

IT IS FURTHER ORDERED that 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 any 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 applicant provides access line service as referenced in the Telecommunications Relay System Act, Neb. Rev. Stat. §§ 86-1302 to 86-1306 (Relay Act) and defined in Neb. Admin. R. & Reg. Title 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 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 applicant shall file, in accordance with the applicable statutes, on or before April 30 of each year, an annual report with the 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 basis, the investment in the telephone plant and equipment located within the state, accumulated depreciation thereon, operating revenues, operating expenses, and taxes.

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 telecommunications services in throughout the state of Nebraska.

MADE AND ENTERED at Lincoln, Nebraska, this 28th day of March, 2000.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

ATTEST:

Executive Director

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