

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. C-2312
of Citizens Telecommunications)
Company, Stamford, Connecticut,)
seeking authority to operate as a) GRANTED
competitive local exchange carrier)
of telecommunications services)
within the state of Nebraska.) Entered: September 19, 2000

APPEARANCES:

For the Applicant:
Paul Schudel
301 South 13th Street
Lincoln, Nebraska 68508

For the Commission:
Michael T. Loeffler
300 The Atrium
1200 N Street
Lincoln, Nebraska 68508

BY THE COMMISSION:

By application filed June 5, 2000, Citizens Telecommunications Company, Stamford, Connecticut (Citizens or Applicant) seeks to obtain a certificate to provide competitive local exchange services within the state of Nebraska. Notice of the application appeared in The Daily Record on June 6, 2000. Petitions of formal intervention were timely filed by Arapahoe Telephone Company, Benkelman Telephone Company, Inc., Cozad Telephone Company, Henderson Cooperative Telephone Company and Wauneta Telephone Company, through their attorney, Tim Clare.

The parties, at the hearing, joined in a waiver on the notice of hearing. A hearing was held on September 6, 2000, in the Commission Library, Lincoln, Nebraska, with appearances as shown above. While Mr. Clare did not make a personal appearance, a stipulation entered by his clients and the applicant was offered and entered, without objection, into the record as Exhibit No. 5.

In support of its application, applicant produced one witness, Mr. Scott Bohler, director of state government affairs for the central region of Citizens. Mr. Bohler first made corrections to the application which primarily updated the information on the states in which the applicant has a certificate and currently are served by Citizens. The corrected application was offered and accepted into evidence, without objection, as Exhibit No. 4.

Mr. Bohler further testified that applicant, Citizens Telecommunications Company, is a

wholly-owned subsidiary of Citizens Utility Company, now known as Citizens Communications Company. The applicant is a sister company of Citizens Telecommunications Company of Nebraska, currently certified under Application Nos. C-2148 and C-2124.

The applicant is a reseller of interexchange service and by this application seeks certification as a competitive local exchange carrier. Mr. Bohler provided a copy of the company's Form 10-Q filing as demonstration of the applicant's financial capabilities.

Mr. Bohler further testified that he believed that Citizens had the managerial and technical expertise as required by the Commission, demonstrated by the long and broad history of Citizens in providing telecommunication services. The applicant will be generally drawing on the technical and managerial expertise of Citizens Telecommunication Company.

The witness further testified that his company does not plan nor intend to provide competitive local exchange services in any areas certificated to the affiliated incumbent local exchange carrier. Instead, the applicant would focus on geographically contiguous and adjacent areas of the incumbent local exchange carrier (ILEC). If the applicant decides to operate as an affiliated competitive local exchange carrier (CLEC) in the areas served by the ILEC, the applicant will come back before the Commission and present evidence of intended compliance with the conditions set forth by this Commission for an affiliated CLEC as described in Commission Docket No. C-1839 (December 15, 1998).

Further, Mr. Bohler, on questioning by the Commission, testified that this application did not represent a bona fide request for interconnection with a rural carrier covered by the rural exemption of the federal Telecommunications Act of 1996.

Citizens believes that the granting of this application will bring benefits of increased choice to its potential customers and to deliver these choices at competitive prices.

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 competitive local exchange services as described in the application filed with the Commission. The Commission finds that no performance bond should be required at this time.

Before the applicant is allowed to provide competitive local exchange service and resold services to its end users:

(a) The applicant, either through negotiation or adoption, must reach an interconnection agreement with Qwest, GTE, ALLTEL, or Sprint;

(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 covered by the rural exemption, the applicant must obtain additional authority from this Commission to expand its service territory.

As a provider of competitive 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.

Further, the Commission finds that, if the applicant wishes to operate as an affiliated CLEC within the service areas served by

the ILEC, it shall make appropriate application with this Commission subject to the terms and conditions outlined by the Commission in the December 1998 order entered in Docket No. C-1839/PI-22.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-2312 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 competitive local exchange services throughout the state of Nebraska.

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 basis, 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 hereby is made, the Commission's official Certificate of Public Convenience and Necessity to applicant to provide competitive local exchange services within the state of Nebraska.

MADE AND ENTERED at Lincoln, Nebraska, this 19th day of September, 2000.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director

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