

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Combined	)	Application No. C-4476
Application of AT&T Corp.,	)	
Bedminster, New Jersey, seeking	)	
authority for a Certificate of	)	
Public Convenience and Necessity	)	
to Provide Intrastate Local	)	
Exchange and Interexchange	)	
Telecommunications Services	)	GRANTED
within the State of Nebraska,	)	
and of AT&T Corp., Bedminster,	)	
New Jersey, and AT&T	)	
Communications of the Midwest,	)	
Inc., Olathe, Kansas, seeking	)	
authority to complete certain	)	
Pro-Forma Intra-Corporate	)	
Restructuring.	)	Entered: August 7, 2012

BY THE COMMISSION:

On June 7, 2012, a combined application was filed by AT&T Corp. (ATTC) of Bedminster, New Jersey, seeking authority for a Certificate of Public Convenience and Necessity to Provide Intrastate Local Exchange and Interexchange Telecommunications Services within the State of Nebraska and by ATTC and AT&T Communications of the Midwest, Inc. (ATTMW), seeking authority to complete certain Pro-Forma Intra-Corporate Restructuring. Notice of the application was published in The Daily Record, Omaha, Nebraska, on June 14, 2012. No protests were filed; therefore, this application is processed pursuant to the Commission's Rule of Modified Procedure.

O P I N I O N     A N D     F I N D I N G S

The Parties:

ATTC is a New York corporation with its principal office in Bedminster, New Jersey, and is a wholly-owned subsidiary of AT&T Inc., which is publicly traded. ATTC has been authorized by the Secretary of State to operate in Nebraska as a foreign corporation. ATTC, through its subsidiaries, is authorized to provide domestic and international telecommunications services throughout the United States. ATTC maintains a modern worldwide telecommunications network and either directly or through its subsidiaries offers wireline and Internet-based services and products serving residential, business, government, and wholesale customers. ATTC does not currently provide, nor is ATTC authorized to provide, intrastate telecommunications services within the State of Nebraska.

ATTMW is a wholly owned subsidiary of ATTC with its principal office in Olathe, Kansas. ATTMW has been authorized by the Secretary of State to operate in Nebraska. ATTMW was authorized by this Commission to provide interexchange telecommunications services in the state of Nebraska, pursuant to Docket C-661 granted on December 16, 1986, and authority to provide local exchange telecommunications services pursuant to Docket C-1298 granted on October 8, 1996.

#### Description of the Transaction:

As a part of an on-going effort by AT&T Inc. to simplify the corporate structures of its many subsidiary companies, the proposed merger (Merger) of ATTMW into ATTC is planned to close on or about October 31, 2012. The Merger will be entirely internal to ATTC, and it will provide a more flexible corporate structure. Generally, ATTMW will be absorbed into ATTC in an inter-affiliate *pro forma* restructuring between a corporate parent and its wholly-owned subsidiary.

The Merger will result in ATTC managing the services provided by ATTMW today. ATTC states that although the proposed Merger will involve a transfer of customers, immediately following the Merger, all of those customers will continue to receive service from ATTC under the same rates, terms and conditions as the services currently provided. ATTC will also employ the same personnel as are currently working for ATTMW. Additionally, ATTC will assume all rights and obligations of ATTM in connection with its Commission-approved interconnection agreements after the Merger has closed.

As a result, ATTC states that the merger will be seamless and transparent to customers, to whom notice is being provided. Contingent upon the Commission's approval of ATTC's Application, ATTMW requests that its present certificates of service authority be cancelled upon notification from ATTC that the Merger has been completed.

#### Certificate of Public Convenience and Necessity

As noted above, ATTMW is currently authorized to, and does provide interexchange and local exchange telecommunications services in Nebraska. ATTC intends to provide the same telecommunications services and, thus, seeks the same certifications as are presently held by ATTMW. ATTC provided documentation of its financial, technical and managerial competency.

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 and interexchange service in the State of Nebraska.

These opinions and findings carry no precedential value other than establishing minimum standards and criteria to apply when considering applications to provide local exchange and interexchange 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 tariffs in accordance with the provisions of Section 002.21 of the Neb. Admin. R. & Regs. Title 291, Chapter 5. Interexchange applications are also subject to Commission jurisdiction under Neb. Rev. Stat. § 86-129 and Section 003.12 of the Neb. Admin. R. & Regs. Title 291, Chapter 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.

From examination of the application filed herein, the Commission finds the application to be fair and reasonable and in the public interest. In addition, Applicant has provided all the information required by the Commission, possesses adequate financial resources to provide the proposed service, and possesses adequate technical competency to provide the proposed service. The application for pro-forma intra-corporate restructuring and to transfer the Certificate of Public Convenience and Necessity to ATTC should be granted.

Upon notification by ATTC that the Merger described in the application has been completed, the Commission will consider the Certificate of Public Convenience and Necessity provided to ATTMW as surrendered.

#### O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that AT&T Corp. and AT&T Communications of the Midwest, Inc., are authorized to consummate the proposed pro-forma intra-corporate restructuring.

IT IS FURTHER ORDERED that Application No. C-4476 be, and it is hereby granted and AT&T Corp. is granted a Certificate of Public Convenience and Necessity to Provide Intrastate Local Exchange and Interexchange Telecommunications Services within the State of Nebraska.

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 any other interexchange and 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. §§ 86-301 through 86-315 (Relay Act) and defined in Neb. Admin. R. & Reg. Title 291, Chapter 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 the ARMIS filed with the Federal Communications Commission if applicable; (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 prior to offering service 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 it is hereby made the Commission's official certificate of authority to furnish the service authorized herein as a common carrier.

MADE AND ENTERED at Lincoln, Nebraska, this 7th day of August, 2012.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director

Application No. C-4476

Page 6

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NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

*Tim Schwan*  
*Aune Boyle*  
*Gerald L. Voss*

//s// Rod Johnson

Chairman

*Rod Johnson*

ATTEST:

*Shirley S. Johnson*

Executive Director