

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. C-2271 of OneStar Long Distance, Inc.) d/b/a OneStar Long Distance, Evansville, Indiana, to Expand the) GRANTED Authority currently granted in its) Certificate of Public Convenience) and Necessity) Entered: July 11, 2000

APPEARANCES: For the Applicant: For Arapahoe Telephone Andrew S. Pollock Company; Benkelman Telephone Brooks, Pansing Brooks, P.C. Company, Inc.; Cozad Tele- 1248 O Street, Suite 984 phone Company; Hemingford Lincoln, Nebraska 68508-1424 Cooperative Telephone Company; and Wauneta Telephone Company: For the Commission: Michelle Kugler Shanicee Knutson Rembolt, Ludtke & Berger 300 The Atrium 1201 Lincoln Mall, Suite 102 1200 N Street Lincoln, Nebraska 68508 Lincoln, Nebraska 68508 BY THE COMMISSION: By its Application filed April 11, 2000, OneStar Long Distance, Inc., d/b/a OneStar Long Distance (Applicant) seeks to expand its present authority in order to provide local exchange telecommunications services in the State of Nebraska. Notice of the application appeared in The Daily Record, Omaha, Nebraska, on April 13, 2000. The following parties filed Petitions of Formal Intervention: Arapahoe Telephone Company; Benkelman Telephone Company, Inc.; Cozad Telephone Company; Hemingford Cooperative Telephone Company; Henderson Cooperative Telephone Company; and Wauneta Telephone Company (collectively referred to hereafter as the Intervenor). A hearing on the application was held via video conference on June 14, 2000, with conference sites at the Commission Library, Lincoln, Nebraska, and at the University of Southern Indiana, 8600 University Blvd, Room FA-184, Evansville, Indiana, with appearances as shown above. In support of its application, the Applicant produced one witness, Ami Larrison, Director of Regulatory Affairs for the Applicant, who testified as follows: Ms. Larrison testified OneStar Long Distance, Inc., d/b/a OneStar Long Distance is a privately-held Indiana Corporation, originally organized on December 21, 1992, as Telstar Communications, Inc. On May 10, 1996, the Applicant received permission from the Nebraska Commission to change its name to OneStar Long Distance, Inc. OneStar currently holds a Certificate of Public Convenience and Necessity authorizing it to provide interexchange telecommunications service between all points in Nebraska, both interLATA and intraLATA. The Certificate of Public Convenience and Necessity was granted in docket number C-1071, which was entered August 9, 1994, Ms. Larrison testified that the Applicant has been authorized to provide interexchange services in 49 of the 50 United States, as well as on an interstate and international level. The Applicant has been authorized to provide local exchange services in Maine, Massachusetts, New Hampshire, Rhode Island, New Jersey and Wisconsin. Recently, the Applicant began offering local service in Maine. According to Ms. Larrison, the Applicant seeks authority to provide local exchange telecommunications services in the territory currently served by US WEST Communications, Inc. (US WEST), where most of the Applicant's current long distance customers are situated. Ms. Larrison further testified that the Applicant understands that it will need to file subsequent applications for authority to offer local exchange services in territories served by ILECs other than US West. Initially, according to Ms. Larrison, the Applicant will provide local services on a resold basis from US WEST. The Applicant has no plans at this time to construct facilities or install network switching equipment. As its market presence grows, however, the Applicant may reevaluate its network configuration and undertake alternate plans, possibly to include the purchase of switching and transmission facilities and/or unbundled network elements. Ms. Larrison further testified that the Applicant proposes to provide local exchange services to both business and residential customers and will offer additional features such as call waiting, caller ID and call forwarding. The Applicant plans to market its service

through marketing campaigns and direct and agent sales forces, in addition to utilizing an in-house outbound call center. As a current service provider, the Applicant operates a sales office in Omaha. The Applicant direct bills its customers on a monthly basis and collects the applicable percentage of intrastate revenues in order to support its contribution to the Nebraska Universal Service Fund. Ms. Larrison testified that the Applicant has sufficient managerial and technical resources and abilities to provide local exchange telecommunications services in the proposed service territory. The senior leadership staff of the Applicant, consisting of three key officials, has over 40 years of combined experience in the telecommunications industry. The Applicant employs numerous management personnel, who are responsible for overseeing the sales operations, network provisioning, customer service, billing, collections, accounting, administration and regulatory functions. The Applicant also employs approximately 350 people who are located both at the corporate headquarters in Evansville, Indiana and throughout the country at switch sites and sales offices, including its Omaha sales office. Ms. Larrison also presented testimony showing that the Applicant has sufficient financial resources to implement and provide its local exchange telecommunications services in the proposed service territory, as demonstrated in financial statements filed with the Application. The proposed expansion of the Applicant's operations in Nebraska will not require a significant outlay of funds from the company. The Applicant would finance any Nebraska-specific expenditures with internally-generated funds, if needed. Ms. Larrison further testified that a grant of the Applicant's application will promote the public interest by enhancing competition and providing Nebraska consumers quality service at attractive rates. Upon questioning by the Commissioners and staff, Ms. Larrison confirmed that the Applicant seeks authority only in the territory presently served by US WEST at the present time. Ms. Larrison testified that the Applicant is initially focusing on the Omaha market because its current long distance customer base, consisting of approximately 1,200 consumers, is primarily centered there. Once established in Omaha, the Applicant hopes to expand into Lincoln. The Applicant understands it must seek expanded authority from the Commission in order to serve customers in other incumbent local exchange carrier's (ILEC's) territories. 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 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 services in the state of Nebraska in the territory presently served by U S WEST. 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 territory. All telecommunications carriers seeking such a certificate must demonstrate that they meet, at a minimum, the standards and

criteria set forth herein. Before Applicant is allowed to provide local exchange service to its users, it must either: (1) Through negotiation or arbitration or pursuant to Section 252(i) of the Telecommunications Act of 1996 (the "Act") reach an interconnection/resale agreement with the pertinent incumbent local exchange carrier and receive Commission approval of the interconnection/resale agreement; or (2) In the event a certified local exchange carrier provides a wholesale statement of generally available terms and conditions (SGAT) or similar offering, purchase rates from that SGAT or similar offering. 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 carriers' 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., tit. 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 incumbent local exchange carriers pursuant to Section 251(c) of the Act.

O R D E R

IT IS THEREFORE ORDERED by the Commission that Application No. C-2271 be, and is hereby, granted. IT IS FURTHER ORDERED that the Applicant comply with Section 251(f)(1)(B) of the Act 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 Systems Act, Neb. Rev. Stat. §§ 86-1302 to 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 shall 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 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 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 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 the Nebraska territory presently served by US WEST. MADE AND ENTERED at Lincoln, Nebraska, this 11th day of July, 2000. NEBRASKA PUBLIC SERVICE COMMISSION COMMISSIONERS
CONCURRING: Chairman ATTEST: Deputy Director

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