

**BEFORE THE TENNESSEE PUBLIC SERVICE COMMISSION
NASHVILLE, TENNESSEE**

May 30, 1996

**IN RE: APPLICATION OF CITIZENS TELECOMMUNICATIONS COMPANY,
 D/B/A CITIZENS TELECOM FOR A CERTIFICATE OF PUBLIC
 CONVENIENCE AND NECESSITY AS COMPETING
 TELECOMMUNICATIONS SERVICE PROVIDER**

Docket No. 96-00779

INITIAL ORDER

This matter is before the Tennessee Public Service Commission upon the application of Citizens Telecommunications Company, d/b/a Citizens Telecom (hereinafter the "Applicant" or "Citizens Telecom") for a Certificate of Public Convenience and Necessity ("Certificate") to become a Competing Telecommunications Service Provider as defined by T.C.A. §65-4-101(e). The Applicant has filed this application as a Competing Telecommunications Service Provider pursuant to Section 7 of Chapter 408 of the Public Acts of 1995, codified at T.C.A. §65-4-201(c). Applicant seeks authority to operate statewide and to provide a full array of telecommunications services as would normally be provided by an incumbent local exchange telephone company. Application requests a Certificate to offer these services on a statewide basis.

Notice of this application has been served upon incumbent local exchange carriers and other interested parties.

The matter was heard on May 15, 1996, in Nashville, Tennessee, before Ralph B. Christian, II, Administrative Judge, at which time the following appearances were entered:

APPEARANCES:

CHARLES W. COOK, III, Attorney at Law, STOKES & BARTHOLOMEW, P.A.
424 Church Street, Suite 2800, Nashville, Tennessee 37219, appearing on behalf of the Applicant.

BRYAN C. SPEILMAN, Group Product Manager - Local Products - for Citizens Utilities, Applicant's parent company, testified in support of the application.

No other witnesses testified. No parties opposed the application. BellSouth Telecommunications, Inc. filed a Motion to Intervene, but did not otherwise enter an appearance or oppose the application.

Based upon the application, the testimony and exhibits presented at the hearing and the entire record of this proceeding, I find that the requested certificate should be granted. In support of those decisions, I hereby make the following findings of fact and conclusions of law:

Citizens Telecom seeks authority to offer within its certificated area all legally allowed telecommunications services. Such services include, but are not limited to, those normally provided by an incumbent local exchange telephone company, local exchange and exchange access services, dedicated and switched access services and private line services, Centrex services, measured business lines, voice mail, ISDN, and vertical factors. Applicant also intends to expand the scope of its interexchange retail authority, awarded in Case No. 95-03786. Mr. Speilman testified that this expansion may be necessary because the Applicant is installing long distance switching capacity in Powell, Tennessee.

Mr. Speilman stated that Applicant's services will be conducted through the use of owned and leased facilities, resale of other local exchange carrier's retail products and the use of unbundled network elements obtained from incumbent local exchange carriers.

Mr. Speilman testified that Applicant will adhere to all applicable Commission policies, rules and orders. Mr. Speilman stated that the two Citizens incumbent local exchange carriers do not claim entitlement to the exemptions from competition contained in T.C.A. §65-4-201(d).

Applicant is a Delaware corporation authorized to do business in the State of Tennessee. It is currently certified as an interexchange reseller in Tennessee. It is headquartered in Stamford, Connecticut. Applicant was originally created to provide interexchange services throughout the United States.

Applicant is a subsidiary of Citizens Utilities Company, a publicly-traded Delaware Corporation which is the parent corporation of a number of local exchange carriers conducting operations in twelve (12) states. Two of those companies, Citizens Telecommunications Company of Tennessee, LLC and Citizens Telecommunications Company of the Volunteer State, LLC conduct local exchange operations in Tennessee. Citizens Utilities and its subsidiaries are also referred to as the "Citizens Utilities Company family of local exchange providers".

Mr. Speilman avers that Applicant's principal corporate officers have substantial managerial experience in the telecommunications field. Mr. Speilman testified that the Citizens Utilities Company, through its family of local exchange carriers, and Applicant has operated in this state since 1993. Its management and technical capabilities, as are more fully

described in its application, are well-known to the Commission. Mr. Speilman further testified that Applicant is funded from advances from Citizens Utilities Company, whose financial strength is demonstrated in the 1995 audited financial statements found in its 1995 Annual Report.

Based upon the facts as described in the Applicant's application and exhibits including, but not limited to, Citizens Utilities Company's 1995 Annual Report and in the testimony of Mr. Speilman, I find that the Applicant possesses sufficient managerial, financial and technical ability to provide the telecommunications services it proposes. Therefore, the Applicant meets the statutory criteria for the award of operating authority as a Competing Telecommunications Service Provider under T.C.A. §65-4-201(c).

In accordance with Section 16 of Chapter 408, Applicant has filed a small and minority owned telecommunications businesses participation plan. The plan, filed on or about April 25, 1996, fulfills the statutory requirements of Section 16. Mr. Speilman testified that the Applicant is committed to implementation of the plan.

Approval of the application will serve the public interest by creating greater competition in the intrastate telecommunications marketplace. In particular, the public will benefit both directly, through the use of competitive telecommunications services to be offered by the Applicant, and indirectly because the presence of the Applicant in the market will increase the incentives for other telecommunications services providers, including the incumbent local exchange carrier, to operate more efficiently, offer more innovative services, and improve the quality of service.

WHEREFORE, based upon the foregoing findings and conclusions, I find that the public convenience and necessity will be served by the issuance of a certificate to the Applicant.

IT IS THEREFORE ORDERED:


1. That the application of Citizens Telecommunications Company, D/B/A Citizens Telecom for a certificate of public convenience and necessity as a competing telecommunications service provider pursuant to Section 7 of Chapter 408 of the Public Acts of 1995, T.C.A. §65-2-201(c), to provide service statewide is hereby **granted**;

2. That the Citizens Telecommunications Company, D/B/A Citizens Telecom is authorized to offer all of the services that may be provided by a Competing Telecommunications Service Provider, as that term is defined in Section 3 of Chapter 408, T.C.A. §65-4-101(e); those services include, but are not limited to, toll, local exchange, access, private line, paging and enhanced services, Centrex services, measured business lines, voice mail, ISDN, and vertical factors ;

3. That the Citizens Telecommunications Company, D/B/A Citizens Telecom may commence service under its certificate once it has filed proper tariffs for service to be offered and such other information required by the Commission;

4. That any party aggrieved by the Commission's decision in this matter may file a petition for Reconsideration with the Tennessee Public Service Commission within ten (10) days from and after the date of this Order.

5. That any party aggrieved by the Commission's decision in this matter may file a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from and after the date of this Order.



RALPH B. CHRISTIAN, II
ADMINISTRATIVE JUDGE

BEFORE THE TENNESSEE PUBLIC SERVICE COMMISSION
Nashville, Tennessee
MAY 30, 1996

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CONVENIENCE AND NECESSITY AS A COMPETING
TELECOMMUNICATIONS SERVICE PROVIDER

DOCKET NO. 96-00779

ORDER

This matter is before the Tennessee Public Service Commission upon its own motion.

Having reviewed the Initial Order in the above captioned matter on May 30, 1996, the Commission, pursuant to T.C.A. Section 4-5-315(b), hereby notifies all parties that it will review all issues raised in the record of this proceeding before the Administrative Judge.

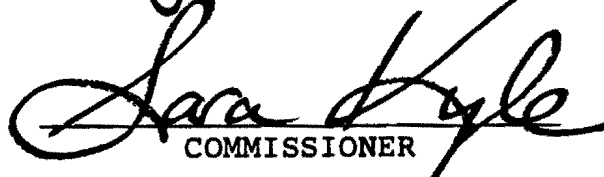
Any party may note an exception to the Initial Order by filing a brief with the Commission within zero days of the date of this order. Reply briefs may also be filed within zero days after filing exceptions. Any party may request oral argument on the issues raised in the briefs.


Requests for extensions of time within which to file briefs must be made in writing to the Executive Director of this Commission and accompanied by a proposed order to be signed by the Chairman of this Commission. The request must indicate that

copies of the request and proposed order have been served on all parties.

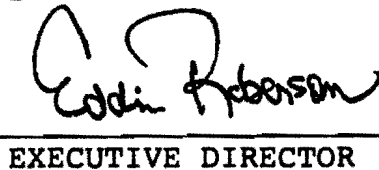
The Commission decision to review the Initial Order does not affect any party's right to petition the Administrative Judge to reconsider the Initial Order pursuant to T.C.A. 4-5-317. Should such a petition be filed, the time limits set forth in this Order for the submission for exceptions and replies will be suspended and will begin to run ab initio, from the date of the final order disposition of the petition to reconsider.


CHAIRMAN


COMMISSIONER


COMMISSIONER

ATTEST:


EXECUTIVE DIRECTOR