(text box: 1)BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF MAX-TEL COMMUNICATIONS, INC. FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE AS A RESELLER OF TELECOMMUNICATIONS SERVICES WITHIN THE STATE OF IDAHO. | )  )  )  )  )  )  ) | CASE NO. GNR-T-97-2  NOTICE OF HEARING  ORDER NO.  27018 |

YOU ARE HEREBY NOTIFIED that on February 1, 1997, Max-Tel Communications, Inc. (Max-Tel), a Texas corporation, submitted an Application seeking authority to operate as a reseller of local telecommunications services within the service areas of U S WEST and GTE in Idaho.  On April 1, 1997, the Idaho Public Utilities Commission (Commission) issued a Notice of Modified Procedure soliciting comments in response to Max-Tel’s Application.  The only party to submit comments in response to the Notice was the Commission Staff.

Staff notes that Max-Tel proposes to provide service on a monthly “prepaid” basis.  Max-Tel’s target market would be those customers who presently do not have service presumably due to unpaid bills with the existing local exchange carrier.  The only concern expressed by Staff regarding Max-Tel’s Application relates to Max-Tel’s financial ability to provide service.  Max-Tel supported its Application with the unverified financial statement of “Craig Bolin Trucking,” a separate business owned by one of the principals in Max-Tel showing a net worth of $271,000, and a copy of a letter of credit from the Texas National Bank to Max-Tel for $20,000.

FINDINGS

Idaho Code § 61-528 provides that, with respect to an application for a certificate of convenience and necessity, “the commission shall have power, after hearing involving the financial ability and good faith of the applicant and necessity of additional service in the community to issue said certificate as prayed for, or to refuse to issue the same, …and may attach to the exercise of the rights granted by said certificate, such terms and conditions as in its judgement the public convenience and necessity may require.”

We find that, because of the uncertainty regarding the financial ability of Max-Tel to provide the services proposed in the Company’s filing, it would be reasonable and in the public convenience and necessity to require that Max-Tel post a performance bond, establish an escrow account or otherwise provide the assurance that it has the financial ability to provide the services being proposed and billed for in advance.  We’re not prepared at this juncture to define precisely what type or degree of assurance would be appropriate.  Instead, we will conduct a hearing for that specific purpose.  Max-Tel and the Commission Staff are directed to make proposals in this regard according to the schedule set forth below.

YOU ARE FURTHER NOTIFIED that the Commission will conduct a technical hearing in this matter for the purpose of determining what type and degree of performance bond, escrow or other surety arrangement is appropriate as a condition to the granting of a Certificate of Convenience and Necessity to Max-Tel ON AUGUST 4, 1997, COMMENCING AT 9:30 A.M. AT THE OFFICES OF THE IDAHO PUBLIC UTILITIES COMMISSION, 472 WEST WASHINGTON STREET, BOISE, IDAHO.

YOU ARE FURTHER NOTIFIED that all interested parties shall submit testimony and exhibits or written comments outlining their proposal on or before July 21, 1997.  Any interested person may respond to the testimony, exhibits, and/or comments of another on or before July 28, 1997.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this                  day of June 1997.

                                                                                                                                      DENNIS S. HANSEN, PRESIDENT

                                                                                           RALPH NELSON, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

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**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

June 26, 1997