DECISION MEMORANDUM

TO:COMMISSIONER HANSEN

COMMISSIONER NELSON

COMMISSIONER SMITH

MYRNA WALTERS

TONYA CLARK

STEPHANIE MILLER

DAVE SCHUNKE

JOE CUSICK

BIRDELLE BROWN

DON HOWELL

BEV BARKER

DAVID SCOTT

WORKING FILE

FROM:CHERI C. COPSEY

DATE:MAY 1, 1998

RE:APPLICATION OF CRYSTAL COMMUNICATIONS, INC. FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.  CASE NO. GNR-T-97-20.

On November 4, 1997, the Commission received an Application fromCrystal Communications, Inc.for a Certificate of Public Convenience and Necessity to provide resold residential local exchange service as a competitive local carrier in Idaho.  On April 1, 1998, the Commission issued a Notice of Application and Notice of Modified Procedure.  Order No. 27437.  Comments were due April 22, 1998.  Only Staff filed comments.

BACKGROUND

After reviewing the Application, on November 21, 1997, Staff informed Crystal that its Application did not meet the requirements established by the Commission in Order No. 26665.  On January 27, 1998, Crystal submitted a revised Application and, pursuant to Idaho Code § 62-606, filed its proposed initial tariff with the Commission for information purposes. There were still some items missing from the revised Application.  Those have been corrected.  At this time, Crystal states it intends to provide residential and business telecommunications services in those areas currently served by U S WEST Communications, Inc. and GTE Northwest Incorporated.  Revised Application at 2. No interconnection agreements in Idaho have been negotiated.

Crystal is a Minnesota corporation qualified to do business in Idaho and is a wholly owned subsidiary of Hickory Tech Corporation located in Minnesota.

Crystal proposes to interconnect with local exchange carriers to provide services through resale of the local exchange carrier services.  It has no facilities or property in Idaho.

STAFF RECOMMENDATION

Staff noted that Crystal is too new to have created a financial history of its own.  Therefore, Staff relied on its parent company’s financial history.  Staff stated that Hickory Tech’s financial statements did not reveal any obvious deficiencies.  However, Hickory Tech has not submitted itself to the Commission’s jurisdiction.

Crystal filed a proposed illustrative tarifffor information purposes pursuant to Idaho Code

§ 62-606.  While there were some deficiencies in that initial illustrative tariff, Staff found that Crystal was responsive to Staff’s inquiries and incorporated those changes necessary to comply with Idaho Code and the Commission’s IDAPA rules.  Staff stated that the corrected version of the illustrative tariff will be acceptable for filing once its rates are incorporated.  Crystal stated, and the illustrative tariff confirms, that Crystal will not require advance deposits.  Therefore, an escrow account will not be required.

Staff recommended that Crystal Communications, Inc. be granted a Certificate of Public Convenience and Necessity to provide local exchange telecommunications services within the service territories of U S WEST and GTEprovided that the parent company, Hickory Tech, agrees to be financially responsible for Crystal and to submit to the Commission’s jurisdiction and agrees to abide by its rules.

Commission Decision

Does the Commission want to grant this Application subject to the condition precedent that Hickory Tech Corporation specifically agree to be financially responsible for its subsidiary, submit to the Commission’s jurisdiction and abide by its rules?

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Cheri C. Copsey