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July 23, 1998

Blanca Bayo, Director
Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

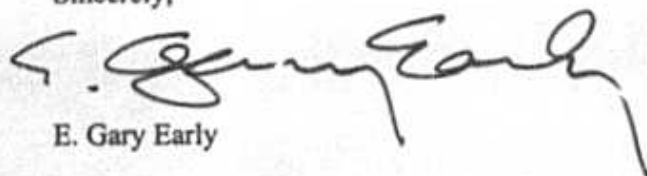
RE: Docket No. 97-1056-TX

Dear Ms. Bayo:

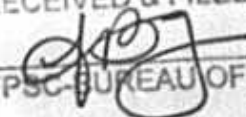
Enclosed for filing on behalf of BellSouth BSE, Inc. is the original and 15 copies of a Request for Official Recognition with regard to the above referenced docket.

If you have any questions or need further assistance please contact me.

Sincerely,


E. Gary Early

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07013 JUL 23 98

FPSC-RECORDS/REPORTING

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for certificate to provide alternative local exchange telecommunications service by BellSouth BSE, Inc.

Docket No. 971056-TX

Filed: July 23, 1998

REQUEST FOR OFFICIAL RECOGNITION

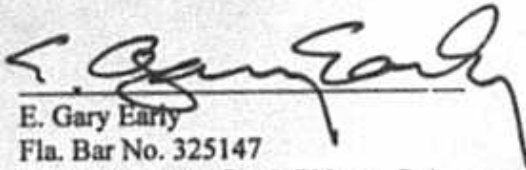
Pursuant to Section 120.569, Florida Statutes, BellSouth BSE, Inc. (BSE), through undersigned counsel, requests the Commission to take official recognition of the Order Granting a Certificate of Public Convenience and Necessity to BSE entered by the North Carolina Utilities Commission in Docket No. P-691 on July 22, 1998. In the Order, the North Carolina Utilities Commission granted the application of BSE to provide statewide local exchange service in the service area of BellSouth Telecommunications, Inc., the incumbent local exchange carrier, with the exception of those areas served by small local exchange carriers.

A copy of the Opinion is attached.

WHEREFORE, BellSouth BSE, Inc. respectfully requests the Commission to take official recognition of the attached Order.

DOCUMENT NUMBER-DATE
07813 JUL 23 1998
FPSC-RECORDS/REPORTING

Respectfully Submitted,



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Attorneys for BellSouth BSE, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was furnished to the following parties by hand delivery or U.S. Mail this 23rd day of July, 1998:

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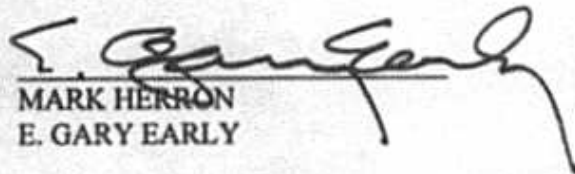
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By U.S. Mail to:

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MARK HERRON
E. GARY EARLY

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. P-891

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

| | | |
|--|----------------------------|---|
| <p>In the Matter of BellSouth BSE, Inc., Application for Certificate of Public Convenience and Necessity to Provide Local Exchange and Exchange Access Telecommunications Services in North Carolina</p> | <p>))))</p> | <p>ORDER GRANTING A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY</p> |
|--|----------------------------|---|

HEARD IN: Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina 27602. Thursday, May 14, 1998, at 9:30 a.m.

BEFORE: Jo Anne Sanford, Chair, Presiding; and Commissioners Ralph A. Hunt and Robert V. Owens, Jr.

APPEARANCES:

For the Applicant:

Harry M. Lightsey, III, BellSouth BSE, Inc., 2727 Paces Ferry Road, 2-1111, Atlanta, Georgia 30339

Jim Cain and Gray Styers, Kilpatrick Stockton LLC, Suite 400, 4101 Lake Boone Trail, Raleigh, North Carolina 27607-8519

For the Intervenor:

Henry C. Campen, Jr., Parker, Poe, Adams & Bernstein L.L.P., 150 Fayetteville Street Mall, Post Office Box 389, Raleigh, North Carolina 27602
For: KMC Telecom, Inc. (KMC), TCG of the Carolinas, Inc. (TCG), ICG Telecom Group, Inc. (ICG), Interpath Communications, Inc. (Interpath), DeltaCom, Inc. (DeltaCom), (collectively referred to as the New Entrants) and the South Eastern Competitive Carriers Association (SECCA).

Susan J. Berlin, MCI Telecommunications Corp. and MCI Metro Access, Inc., 780 Johnson Ferry Road, Suite 700, Atlanta, Georgia 30342
For: MCI Telecommunications Corp. and MCI Metro Access

For the Public Staff:

**Paul Lassiter, Staff Attorney - Public Staff, Post Office Box 26520, Raleigh,
North Carolina 27626-0520
For: The Using and Consuming Public**

For the Attorney General:

**Karen E. Long, Assistant Attorney General, North Carolina Department of
Justice, Post Office Box 629, Raleigh, North Carolina 27602
For: The Using and Consuming Public**

BY THE COMMISSION: This proceeding was initiated by BellSouth BSE, Inc. (BSE or Applicant), on October 8, 1997, by the filing of an application with the Commission seeking a certificate of public convenience and necessity to provide local exchange and exchange access telecommunications services in North Carolina.

On October 23, 1997, BTI filed a Petition to Intervene which was granted by the Commission by order dated October 28, 1997.

On November 3, 1997, LCI filed a Petition to Intervene which was granted by the Commission by order dated November 11, 1997.

On November 4, 1997, MCI and MCI Metro filed a Petition to Intervene which was granted by the Commission by order dated November 11, 1997.

On November 25, 1997, AT&T filed a Petition to Intervene which was granted by the Commission by order dated December 4, 1997.

On November 26, 1997, DeltaCom filed a Petition to Intervene which was granted by Order dated December 2, 1997. DeltaCom is a member of the group of companies collectively referred to herein as the New Entrants.

On December 30, 1997, KMC, TCG, ICG and CarrNet (later changing their name to Interpath) filed a Petition for intervention which was granted by Order dated January 6, 1998. Each of these intervenors are members of the group of companies collectively referred to herein as the New Entrants.

On January 7, 1998, the Attorney General filed a Notice of Intervention which was granted by Order dated January 30, 1997.

On January 21, 1998, Time Warner filed a Petition to Intervene which was granted by the Commission by order dated January 23, 1998.

On March 9, 1998, upon recommendation of the Public Staff, the Commission issued an Order scheduling a hearing for May 14, 1998.

On April 2, 1998, the South Eastern Competitive Carriers Association (SECCA) filed a Petition to Intervene which was granted by Order dated April 8, 1998. SECCA's members include: American Communications, Inc., AT&T Communications of the Southern States, Inc., Business Telecom, Inc., Comptel, ICG, Intermedia, ITC DeltaCom, Inc., LCI International Telecom Corporation, MCI Telecommunications Corporation, NEXTLINK of North Carolina, LLC, Telecommunications Resellers Association, Time Warner Communications, and WorldCom, Inc. SECCA's members are certified as Competing Local Providers in North Carolina.

On April 20, 1998, BSE supplemented its application. Thereafter, on April 30, 1998, BSE filed the testimony of Robert C. Scheye, Vice President, Supplier Development and Business Relations, in support of the application.

On May 7, 1998, the New Entrants and SECCA filed the testimony of Joe Gillian and Thomas E. Allen, Jr.

On July 6, 1998, BSE filed a Petition for Leave to File a Reply Brief. On July 7, 1998, the New Entrants filed a Response. BSE's and the New Entrants' Motions are hereby granted.

The matter was heard as scheduled on May 14, 1998. The Applicant, the Attorney General, the Public Staff, and Intervenor including the New Entrants, SECCA, MCI and MCI Metro Access Services were present. These named intervenors participated in the hearing, cross-examining Mr. Scheye, submitting a Motion to Dismiss BSE's application (which was denied), presenting direct testimony and a closing statement. Hereafter, the CLPs that participated in the hearing in this matter will be referred to as the "CLP Intervenor." BellSouth Telecommunications, Inc., will be referred to as either "BST" or "BellSouth."

Afterwards, BSE submitted late-filed exhibits, including: (1) an Order from the Georgia Public Service Commission Granting Interim Certificate of Authority to Provide Competitive Local Exchange Telecommunications Services as ordered by the Chair; (2) Certificate of Incorporation of BellSouth MNS Holdings, Inc., and BellSouth MNS, Inc.; and (3) in response to a request from the New Entrants' counsel, advertisements for BellSouth Telecommunications, Inc. and BellSouth Mobility.

Several parties filed briefs and proposed Orders in this docket, including the New Entrants, SECCA, the Attorney General, and MCI. The Public Staff and BSE filed a Joint Proposed Order.

Subsequent to enactment by the North Carolina General Assembly of H.B. 161, which authorizes the Commission to allow competition in the provision of local exchange

and exchange access services, the U.S. Congress enacted S. 652, the Telecommunication Act of 1996 (the Act). The Commission takes judicial notice of the Act.

DISCUSSION

The essential question in this docket is whether BSE should be granted a certificate which includes BellSouth's franchise area or whether that area should be excluded. After careful consideration, the Commission concludes that BSE's authority should be the same as other CLPs and thus unrestricted in that respect.

An important issue raised by the CLP intervenors during the hearing in this matter arises from the affiliate relationship of the Applicant with an incumbent local exchange carrier in North Carolina, BellSouth Telecommunications, Inc. (BST). An additional issue was whether BSE's entry will cause customer confusion due to the planned use by BSE of the BellSouth brand and logo. The Commission will address each of these issues in turn.

1. Affiliate Issues

Summary of Arguments:

The Applicant argued that the question of its affiliation with the incumbent local exchange carrier should not be an issue in this proceeding. North Carolina law governing certification of competitive local exchange carriers requires certification upon the Applicant's meeting the basic technical and financial capability standards. The applicant's fitness in that regard is not in dispute. Further, BSE argues that it meets the minimum requirements set forth in Commission Rule R17-2(f), which outlines the factors considered in the public interest evaluation.

BSE has stated in its verified application and throughout these proceedings that it will not engage in anti-competitive activities. BSE points out that, were such a concern to arise, there is recourse to various remedies available from this Commission and the Federal Communications Commission (FCC), as well as in state and federal courts.

The CLP intervenors generally argue that BSE's entry into the local telecommunications market in North Carolina is contrary to North Carolina law, Commission rules, and is not in the public interest. They allege that BSE does not meet the definition of "competing local provider," and thus is ineligible for a certificate of authority. The CLP intervenors further argue that BSE's entry is against the public interest because BSE may engage in various anti-competitive activities to the detriment of consumers and competition.

Discussion:

The Commission disagrees with the CLP Intervenor's arguments.

The first question that will be examined relates to whether BSE will be competing with BST. Commission Rule R17-1(d) defines "competing local provider" to mean "[a]ny person applying for a certificate to provide local exchange or exchange access services in competition with a local exchange company." (Emphasis added). See also G.S. 62-3(a). The CLP Intervenor's question whether the services expected to be provided by the Applicant will indeed be "in competition with BST."

The evidence in this proceeding tends to support BSE's position that it does indeed intend to compete with BST and other CLPs for customers in the local telecommunications market. BSE has stated that it intends to compete by providing a comprehensive range of services from long distance to local which BST cannot presently provide. It is therefore reasonable to expect that BSE will not only compete with BST for a share of the local telecommunications market, it will also take customers away from BST, as well as from other CLPs. BSE's success in this competitive industry, however, will depend on numerous market factors.

In addition, the Commission notes that BellSouth desires to enter the long distance telecommunications market in its nine state region under Section 271 of the Act. To break into the long distance market, however, BellSouth must first demonstrate that healthy competition exists in the market for local telecommunications. Therefore, if BSE engaged in anti-competitive activities with respect to the local telecommunications markets, it would be hampering its parent company's 271 efforts. In any event, if such anti-competitive behavior were engaged in, the Commission could examine such allegations.

The CLP Intervenor also made several arguments concerning potential unfair trade practices that BSE would, or could, engage in. In response to the CLP Intervenor's contention that BSE will be able to price its services at or below cost because of its affiliation with BST, BSE argued that such a "price squeeze" would be economically unwise and would not maximize shareholder value for its parent corporation, BellSouth. BSE states that it may price below BST and other CLPs only to the extent it can do so and make a profit. To do otherwise would force it to go out of business. If BSE could price its services below those offered by other CLPs and still earn a profit, it would only be due to the fact that it is meeting customers' needs for efficiency and quality services better than others.

The CLP Intervenor also argued that BST can "shift" customers, including those with customer service arrangements (CSAs), to BSE to the detriment of other CLPs. BSE pointed out that BST is financially neutral when any CLP, including BSE, resells BST's services. However, if BSE were to sell these services below its costs (including the cost of BST's resold service), BSE would lose money and BellSouth Corporation would be worse off. The Commission believes that such speculation that BSE would intentionally

lose money, hurt its parent, and subject itself to legal and regulatory sanctions is illogical. It certainly does not provide an evidentiary basis to deny BSE the ability to operate as a CLP in North Carolina. Further, if BSE were to attempt any of the anti-competitive practices suggested by the CLP intervenors, there are ample safeguards and remedies available.

Were BST to shift or transfer to BSE customers or CSAs without their consent, the Commission notes that such activities would constitute "slamming," which is specifically prohibited under North Carolina and federal law. BSE has stated that it will not participate in the shifting or transferring of customers or CSAs from BST to BSE. Of course, customers may, for whatever reason, decide voluntarily to terminate their service or contract with BST and switch to BSE if the services provided by BSE better meet their needs. This is what competition is supposed to foster. Further, as discussed above, there are reasons that BellSouth may well prefer to have numerous non-affiliated CLPs providing local telecommunications services in order to support BellSouth's entry into the long distance market under Section 271. BellSouth would be damaging its own efforts if it attempts to stifle competition in the manner that the CLP intervenors suggest.

In support of their arguments to deny authority to BSE within BST's franchise area, the CLP intervenors point to a recent order of the Kentucky Public Service Commission denying BSE a certificate to provide local telecommunications services within BST's territory in that state. They argue that the Commission should adopt the Kentucky Commission's reservations and concerns regarding the potential for anti-competitive consequences. The Commission is not persuaded by the Kentucky Order. The Kentucky Order merely states as the primary reason for its denial of BSE's certificate within BST's territory that "[i]t is the alleged potential for anti-competitive behavior and distortion of the competitive local exchange market that are the problematic issues here." See Kentucky Order, No. 97-417, at p. 3 (June 8, 1998) (emphasis added). The Commission agrees with states such as Georgia, Alabama, and South Carolina, and will not deny certification of an applicant based on *alleged potentials*. Furthermore, no evidence or argument was presented to support treating BSE differently from the affiliates or other ILECs in North Carolina, such as GTE and Sprint/Carolina Telephone, who have already been certificated as CLPs.

The CLP intervenors also cite the decision by the Texas Public Utility Commission denying certification to GTE's affiliate in that state as support for denying this Applicant's certification. This case, too, is distinguishable in that that decision is based upon specific provisions of Texas law that do not exist in North Carolina.

The CLP intervenors further argued that BSE is, in effect, BST. This also seemed to be the Attorney General's position. BSE should therefore be deemed a "successor or assign" of BST with respect to an ILEC's obligation to offer its services for resale at a discount pursuant to Section 251(c)(4) of the Act. The CLP intervenors have also suggested that North Carolina law requires BSE to be viewed as one with BST.

This interpretation would significantly subvert BSE's ability to operate in North Carolina and to bring new and innovative services to the consumers and businesses in the State. For instance, if an ILEC's obligation to offer its services for resale at a discount applies to BSE, BSE would have to offer its services for resale at a discount, like BST. This would have a tendency to destroy BSE's ability to operate CLPs other than BSE would continue to receive the same services from BST at a discount so as to compete with BST in the margins created by the discount. However, if BSE is also required to offer its services for resale at a discount, it eliminates any margin within which BSE could compete with BST and other CLPs. In effect, imposing the restrictions of an ILEC would entirely erase the distinct market identities between BSE and BST.

The FCC has recently amended its Rule 53.205 on June 10, 1998, to explain and clarify the phrase "successor or assign" as follows:

If a BOC transfers to an affiliated entity ownership of any network elements that must be provided on an unbundled basis pursuant to section 251(c)(3) of the Act, such entity will be deemed to be an "assign" of the BOC under section 3(4) of the Act with respect to such transferred network elements. A BOC affiliate shall not be deemed a "successor or assign" of a BOC solely because it obtains network elements from the BOC pursuant to section 251(c)(3) of the Act.

See 47 CFR 53.205 (emphasis added). As a result, the FCC rule acknowledges that an affiliate of a BOC (BSE) is not the BOC (BST) just because it gets the services it needs to compete from the BOC (BST) like any other CLP. Only if the BOC actively transfers the network elements that must be provided on an unbundled basis to its affiliate is the affiliate deemed an assign, and thus subject to the restrictions imposed on ILECs. BSE has stated that no network elements of any type are being transferred from BST. This Commission agrees with the FCC and believes that BSE should not be deemed a "successor or assign" of BST solely because it resells telecommunications services it needs to compete in the local telecommunications markets from BST. Therefore, the restrictions imposed on ILECs, and the successors and assigns of an ILEC, cannot be imposed on BSE.

In addition, on the state level, the Commission does not believe that BSE and BST should be viewed as one; but, rather, for the purposes of CLP certification, BSE and BST constitute separate companies. There is no evidence in the instant case of corporate misconduct that would justify treating BSE and BST as one. Moreover, treating them as separate companies is consistent with our holding in Doc. No. P-472, Sub 6, issued on January 7, 1998, where the Commission declined to identify ALLTEL Communications, Inc., the CLP, with ALLTEL Carolina, Inc. (ALLTEL).

As a practical matter, restricting BSE's service territory would also unfairly restrict its ability to compete with other CLPs, especially for integrated services to multi-site customers. For example, BSE should be able to serve customers with facilities in both Raleigh and Durham, just like any other CLP can. A witness for the CLP intervenors

acknowledged that their proposed limitation on BSE's service territory would prevent BSE from competing with them for such multi-site customer services.

Finally, it should be noted that the Commission has granted prior unrestricted certification of the affiliates of other ILECs in North Carolina, including GTE, Concord Telephone, and Sprint/Carolina Telephone. We find no basis to treat BSE differently. Within the BellSouth region, BSE currently has certificates of authority in South Carolina, Georgia, and Alabama that do not limit the territory within which BSE may provide local telecommunications services. BSE also identified 23 instances in which 18 different state commissions have approved CLP certificates of authority to ILEC affiliates, within the ILEC's own territory. BSE is also certified in numerous states outside the BellSouth region. The CLP intervenors, on the other hand, identified only three instances (BSE in Kentucky, and GTE in Texas and Michigan) where certification within the incumbent ILEC's territory has been denied. These instances, as discussed above, are distinguishable from the proceedings before this Commission. Therefore, the weight of relevant precedent is overwhelmingly in favor of not discriminating against BSE in this regard.

2. Customer Confusion

The Commission now turns its consideration to the allegations of customer confusion.

Summary of Arguments:

The CLP intervenors essentially argue that consumers will be unable to make an informed choice between BSE and BST, and that confusion will inevitably result. BSE maintained its integrated packages differ from the services offered by BST, motivating it to make sure customers are not confused. If customers can not distinguish BSE's services, BSE is not likely to obtain any business.

Discussion:

The Commission believes that BSE's evidence demonstrated that its entry into the local telecommunications market will not cause customer confusion as claimed by the CLP intervenors. BSE plans to market its services in areas where BST cannot compete, i.e., integrated packages of advanced telecommunications services tailored to the multi-state consumer. Consumers in this niche market are more sophisticated in identifying their telecommunications needs and matching those needs with a particular provider that offers the highest quality service consistent with cost. As a result, such consumers will carefully select their telecommunications provider based not on name alone, but with regard to the provider offering the services desired at the right price.

The Commission further notes the variety of telecommunications providers currently using similar, three letter acronyms: ITC, CTC, TCG, CRG, KMC, MCI, LCI, BTL. A witness for the CLP intervenors acknowledged that business customers make their

decisions based on service and cost despite this existing array of CLPs with similar three-letter acronyms. Moreover, any requirement that BSE operate without identifying its affiliation with BellSouth could result in more, not less, customer confusion regarding the identity and ownership of the company.

The CLP intervenors contend that consumers will not be able to distinguish between BST, the incumbent, and BSE, the CLP. However, there should be no confusion between BSE and BST, as BST does not offer one-stop shopping for integrated packages of advanced telecommunications services. BSE is targeting this particular market. Therefore, if a current BST customer desired such services, they would have to switch to a CLP that meets that need. The customer will, of necessity, compare BSE's price, products and service packages with other companies that provide similar services.

Finally, the CLP intervenors contend that BSE will be able to benefit from BellSouth Corporate advertising by incorporating the BellSouth brand and logo. The Commission is less exercised about this than the CLP intervenors are. As far as the cost of advertising, all BellSouth affiliates are required to compensate BellSouth for their proportionate share of corporate advertising. Moreover, this marketing tool is nothing other than "brand extension," a common method whereby corporations branch out into other markets by using a well-recognized name to sell a new product — in this case, BSE's services in a niche market. Many of the CLP intervenors have used brand extension. Other things being equal, brand extension is neither anti-competitive nor unusual.

Based on the application, the evidence adduced at the hearing, and the entire record in this proceeding, the Commission now makes the following:

FINDINGS OF FACT

1. The Applicant, BellSouth BSE, Incorporated, is a Delaware corporation authorized to do business within the State of North Carolina. The address of the corporate office is 2727 Paces Ferry Road, 2-111, Atlanta, Georgia 30339.
2. Applicant intends to operate under the name BellSouth BSE or similar trade name upon approval of its application.
3. Applicant is a wholly-owned subsidiary of BellSouth BSE Holdings, Inc., which, in turn, is a wholly-owned subsidiary of BellSouth Corporation. BellSouth Corporation owns other local exchange companies, including BellSouth Telecommunications, Incorporated, which provides local exchange services in North Carolina.
4. BSE seeks a certificate to provide local exchange and exchange access telecommunications services as a competing local provider (CLP) in North Carolina. BSE plans to offer service throughout North Carolina, except those parts of North Carolina not subject to competition in accordance with G.S. 62-110(f2) and (f3).

5. While the Commission is authorized by State law to issue a certificate to provide local exchange and exchange access telecommunications services for service areas within the State of local exchange companies with more than 200,000 access lines, it is not authorized to issue such a certificate for service areas having 200,000 or fewer access lines unless the local exchange company serving such area is regulated by a price plan pursuant to G.S. 62-133.5(a), [See G.S. 62-110(f1) and (f2)]¹ or for areas served by telephone membership corporations [See G.S. 62-110(f3)]. Therefore, it is appropriate at this time to limit the CLP certificate as required by G.S. 62-110(f2) and (f3).

6. The Chief Finance Officer of BellSouth Corporation, R. M. Dykas, has pledged the financial resources of BellSouth Corporation to ensure that the Applicant is able to meet its service obligations in North Carolina under the authority sought by the application.

7. BSE is fit, capable, technically qualified, and financially able to provide local exchange and exchange access telecommunications services as a CLP in the State of North Carolina.

8. BSE has stated that the services to be provided will meet the service standards set out in Rule R9-8 and Rule R-12.

9. There has been no showing that the provision of exchange access and local exchange service by BSE will adversely impact the availability of reasonably affordable local exchange service.

10. BSE has stated that it will, to the extent it may be required to do so by the Commission, participate in the support of universally available telephone service at affordable rates.

11. BSE has agreed to file a price list for its basic local exchange services as soon as practicable upon receiving the authority sought by the Application.

12. BSE has agreed to abide by all applicable statutes and all applicable rules and regulations of the Commission and the findings, conclusions, terms, and conditions set forth in all applicable Commission orders.

13. Granting BSE's application to provide local exchange and exchange access services is in the public interest. With respect to the public interest evaluation, the Commission further finds as follows:

- (a) BSE meets the Commission's definition of a "competing local provider" as BSE's proposed services will compete for, and seek to take business away

¹ At this time, the only company with 200,000 or fewer access lines located within the State to which the Commission applies the provisions of G.S. 62-133.5(a) and G.S. 62-110(f1) is Concord Telephone Company.

from, customers of the ILECs including BST, as well as from other CLPs in North Carolina.

- (b) There is no basis to assume that BSE will engage in anti-competitive behavior in violation of the law, as discussed above.
- (c) There is no basis to treat BSE as BST, the incumbent local exchange carrier as discussed above.
- (d) There is the overwhelming precedent in other states that have considered this issue and this Commission's previous decisions to certificate the CLP affiliates of other ILECs.
- (e) BSE's entry in the local market will not result in customer confusion.

CONCLUSIONS

Based on the foregoing findings of fact and the entire record in this proceeding, the Commission concludes that BSE, pursuant to G.S. 62-110, should be granted a certificate of public convenience and necessity to provide local exchange and exchange access telecommunications services as a CLP in North Carolina, subject to the following terms and conditions:

1. BSE shall abide by all applicable statutes and all applicable rules and regulations of the North Carolina Utilities Commission.
2. BSE shall not hereafter abandon or discontinue service under its certificate in North Carolina, without first receiving approval from the Commission to do so upon such terms and conditions as the Commission may prescribe.
3. BSE shall pay all regulatory fees relating to intrastate service provided in North Carolina from the date of its certification forward.
4. At this time, the portion of the State in which BSE may be authorized to provide local exchange service is limited to (1) the service area within the State of local exchange companies with more than 200,000 access lines, and (2) the service areas of Concord Telephone Company.
5. BSE shall comply with the price list filing requirements of Rule R17-2(h) until such time as BSE petitions the Commission for a waiver and the Commission grants a waiver of the price list filing requirement.
6. BSE shall comply with the requirements of Rule R17-2(f)(1)-(B).

IT IS, THEREFORE, ORDERED as follows:

1. That, pursuant to G.S. 62-110(f1), BSE is hereby granted a certificate of public convenience and necessity to provide local exchange and exchange access telecommunications services as a CLP in the State of North Carolina, subject to the following terms and conditions:

a. BSE shall abide by all applicable statutes and all applicable rules and regulations of the North Carolina Utilities Commission

b. BSE shall not hereafter abandon or discontinue any service under its certificate in North Carolina, without first receiving approval from the Commission to do so upon such terms and conditions as the Commission may prescribe.

c. BSE shall pay all regulatory fees relating to intrastate service provided in North Carolina from the date of its certification forward.

d. Prior to offering and while offering any intrastate local exchange or exchange access telecommunications services in North Carolina, BSE shall comply with any applicable price list filing requirements then in effect.

e. BSE is authorized to provide local exchange and exchange access telecommunications services within the North Carolina service area of (1) any local exchange company with more than 200,000 access lines located within the State, and (2) Concord Telephone Company.

2. That this Order shall constitute the certificate of public convenience and necessity granted to BSE by the North Carolina Utilities Commission to provide local exchange and exchange access telecommunications services as a CLP in North Carolina.

ISSUED BY ORDER OF THE COMMISSION.

This the 22nd day of July, 1998.

NORTH CAROLINA UTILITIES COMMISSION

Geneva S. Thigpen
Geneva S. Thigpen, Chief Clerk

07/22/98.01

Commissioner Ralph Hunt concurs.