

**APPLICATION FOR CERTIFICATE OF AUTHORITY
TO PROVIDE TELECOMMUNICATIONS SERVICE IN OREGON**

INSTRUCTIONS: Complete every applicable section of this application. Attach additional documents and/or sheets to complete responses (if needed). You will be notified when the Commission receives your application, and again when it has been processed. Upon acceptance of this application, the Commission will publish notice pursuant to ORS 759.020(2). After submitting this application electronically, mail one copy with original signature and all attachments.

Classification for which application is made. Check one.

- Competitive Telecommunications Provider (local, long-distance, shared telecommunications service).
- Telecommunications Utility

1. Exact Legal Name of Applicant:

Granite Telecommunications, LLC

Applicant's Assumed Business Name(s) (if any) (e.g., dba, aka)
Must be registered with the Corporation Division.

None

Applicant's Type of Legal Entity (e.g., corporation, limited partnership)

Limited Liability Corporation

Business Address

**234 Copeland Street
Quincy MA 02169**

Phone **617.933.5500**

Fax **617.687.8935**

Email **nmhunter@granitenet.com**

2. Name and Address of Person to be Contacted for Further Information Regarding This Application:

**Andrew O. Isar
Miller Isar, Inc.
7901 Skansie Avenue, Suite 240
Gig Harbor, WA 98335**

Phone **253.851.6700**

Fax **253.851.6474**

Email **aisar@millerisar.com**

3. Name and Address of Person to be Contacted for Regulatory Information. (Commission will send requests for information to this person):

**Neill MacLeod-Hunter
Granite Telecommunications, LLC
234 Copeland Street
Quincy MA 02169**

Phone **617.933.7381**

Fax **617.687.8935**

Email **nmhunter@granitenet.com**

4. Affiliated Interests:

Are you now or have you ever been affiliated with any provider of telecommunications service that serves Oregon? If so, who? When? Describe affiliation. Affiliated interest is defined in OAR 860-032-0001.

Applicant has never been affiliated with any provider of telecommunications service that serves Oregon.

5. Previous Certificates of Authority:

List each certificate of authority previously granted by the Oregon PUC to Applicant and to each affiliated entity, under a legal name, an assumed business name, or any other name. Include all certificates whether or not canceled. For each certificate include: name of entity, docket number, and order number.

| | Name of Entity | Docket Number | Order Number |
|----|---------------------------------|---------------|--------------|
| a. | Granite Telecommunications, LLC | CP 1176 | 03-585 |
| b. | | | |
| c. | | | |
| d. | | | |

AUTHORITY REQUESTED

6. Does applicant request authority to provide the following services?

- a. Shared telecommunications service (STS). STS includes resale of long-distance service to the STS provider's user group, but not to customers outside the user group. If yes, applicant must complete items 10 and 11. Yes No
- b. Local exchange (intraexchange) switched service (i.e., local dial tone). If yes, applicant must complete item 10. Yes No
- c. Local exchange (intraexchange) nonswitched, private line service (i.e., dedicated transmission service). Yes No
- d. Interexchange, switched service (i.e., long-distance toll). If yes, applicant must complete item 10. Yes No
- e. Interexchange, nonswitched, private line service (i.e., dedicated transmission service). Yes No

7. How Services Will Initially Be Provided

The following is required for public notice and information purposes and does not request authority.

- a. Will Applicant resell finished services of other Oregon certified carriers? (Resell means resale of finished services, not unbundled network elements.) Yes No
- b. Will applicant construct lines, loops, wires, fiber, or other transport facilities? Yes No
- c. Will Applicant have its own switching equipment? Yes No
- d. Will Applicant purchase (lease) unbundled network elements from other Oregon certified carriers? Yes No
- e. Will Applicant purchase or lease network components which are not unbundled network elements? Yes No

8. Areas for which Applicant seeks authority:

a. Intraexchange Authority:

Alternative I: List every local exchange in which Applicant seeks to provide local exchange (intraexchange) service.

Alternative II: List every incumbent local exchange carrier in whose exchanges Applicant seeks authority to provide local exchange (intraexchange) service.

Alternative III: If Applicant seeks authority to provide local exchange (intraexchange) service within every telephone exchange in Oregon, then specify "Statewide."

Statewide

b. Interexchange Authority:

Alternative I: List every local exchange in which Applicant seeks to provide interexchange service.

Alternative II: List every incumbent local exchange carrier in whose exchanges Applicant seeks authority to provide interexchange service.

Alternative III: If Applicant seeks authority to provide interexchange service in every telephone exchange in Oregon, then specify "Statewide."

Statewide

9. Describe special characteristics, limitations, or restrictions that will be part of Applicant's services:

Applicant proposes to provide all forms of local exchange services, including but not limited to, basic local exchange service to commercial and residential subscribers in Oregon. Applicant further proposes to provide all forms of interexchange telecommunications services throughout the State of Oregon.

10. Operator Services:

- a. Operator service includes, but is not limited to, billing or completion of third-party billing calls, person-to-person calls, collect calls, and credit card calls. See OAR 860-032-0001.

Will Applicant directly offer operator services? Yes No

- b. ORS 759.690(1)(d) defines "operator service provider" as a person who furnishes operator service under contract with a call aggregator. ORS 759.690(1)(a) defines a call aggregator as a person who furnishes a telephone for use by the public, i.e., transient use.

Will Applicant be an "operator service provider" as defined in ORS 759.690(1)(d)? Yes No

11. Shared Telecommunications Service:

Shared Telecommunications Service (STS) service is defined in OAR 860-032-0001. STS includes resale of long-distance service to the STS provider's user group, but not to customers outside the user group.

- a. Provide the address of the building where shared service will be provided through privately owned customer premises equipment. If Applicant intends to serve a user group located in two or more buildings, include an electronic copy of a map clearly showing the locations to be served by the Applicant. The information on the map must be precise and legible and include street names and the city where the building(s) is(are) located.

N/A

- b. An STS site or location consists of one building, or it consists of a complex of buildings or a campus on contiguous property. An STS provider may interconnect separate sites in order to aggregate toll traffic. An STS provider may not interconnect separate sites in order to provide local exchange service between those sites.

If serving buildings at separate sites, will applicant interconnect the buildings in order to aggregate toll traffic? Yes No

- c. Describe the user group or association at the STS location.

N/A

NOTE: Applicant must apply to PUC for another certificate of authority in order to add subsequent STS sites.

Conditions of a certificate of authority:

As a condition of a certificate of authority, applicant must comply with all applicable Commission rules and state law, as well as conditions listed in the certificate.

For your convenience, following is a summary of some conditions from OAR 860-032-0001 et seq. (Division 32). Additional conditions may be specified in the certificate.

- a. Certificate holder shall provide only telecommunications services authorized by the certificate.
- b. Certificate holder shall, at a minimum, meet the standard level of service specified in OAR 860-032-0012. The standard level of service is 99 percent probability that a call will not be blocked during the certificate holder's busy hour of the day.
- c. Certificate holder's books and records shall be open to inspection by the Commission to the extent necessary to verify information required by the Commission's rules.
- d. Certificate holder shall maintain its books and records according to generally accepted accounting principles and the applicable rules of the Commission.
- e. Certificate holder shall pay all access charges and subsidies imposed pursuant to the Commission's rules.
- f. Certificate holder shall pay an annual fee to the Commission pursuant to the Commission's rules. This fee will be based on the certificate holder's annual gross retail intrastate revenues and will be no less than \$100 per calendar year. The certificate holder shall collect the fee by charging an equitable amount to each retail customer and describe the amount of the apportioned charge on each retail customer's bill, pursuant to the Commission's rules.
- g. The certificate holder shall pay a quarterly amount to the Oregon Universal Service Fund based on a Commission-approved surcharge percentage assessed on all retail telecommunications services sold in Oregon

pursuant to ORS 759.425(4).

h. Certificate holder shall respond in a timely manner to Commission inquiries.

Pursuant to Residential Service Protection statutes, Chapter 290, Oregon Laws 1987, and Division 22, certificate holder shall be responsible to ensure that the Residential Service Protection Fund surcharge is remitted to the Commission. This surcharge is assessed against each paying retail subscriber at a rate that is set annually by the Commission.

Applicant understands that all services provided by Applicant must comply with all applicable Commission rules and state law, and with conditions of the certificate (check box at left).

| | |
|---|---------------------------|
| <i>Signature of Person Authorized to Represent Applicant</i> | Title President |
| _____ Typewritten Name Robert T. Hale, Jr. | Date 12.27.05 |

**APPLICATION FOR CERTIFICATE OF AUTHORITY
TO PROVIDE TELECOMMUNICATIONS SERVICE IN OREGON**

Granite Telecommunications, LLC

APPENDIX 1

In support the instant Application for Certificate of Authority to Provide Telecommunications Service in Oregon, Granite Telecommunications, LLC (“Granite”) provides the following supplemental information.

I. Background.

On September 29, 2003, Granite was granted a Certificate of Authority to provide to provide interexchange and local exchange telecommunications services in Oregon as a competitive provider.¹ On February 1, 2005, the Commission ordered cancellation of Granite’s Certificate of Authority for failure to file Oregon Universal Service Fund Form 2 (“Form OUS2”) for the third quarter of 2004 pursuant to ORS 759.425.² Cancellation of Granite’s Certificate of Authority was subsequently rescinded on April 28, 2005, following Commission determination that Granite had subsequently complied with ORS 759.425 by submitting its Form OUS2 for the third quarter of 2004.³

On September 16, 2005, Granite’s Certificate of Authority was cancelled by the Commission for failure to submit the second quarter 2005 Form OUS2 pursuant to

¹*In the Matter of Granite Telecommunications, LLC Application for a Certificate of Authority to Provide Telecommunications Service in Oregon and Classification as a Competitive Provider*, Order, Order No. 03-585 (September 29, 2003).

²*In the Matter of the Cancellation of the Certificate of Authority Held by Granite Telecommunications, LLC*, Order, Order No. 05-076 (February 1, 2005).

³*In the Matter of Granite Telecommunications, LLC Application for a Certificate of Authority to Provide Telecommunications Service in Oregon and Classification as a Competitive Provider*, Order, Order No. 05-201 (April 28, 2005).

ORS 759.425.⁴ Realizing its inadvertent error, Granite took immediate steps to complete and file Form OUS2 for second quarter 2005 on October 5, 2005, and submitted payment of the applicable Oregon Universal Service Fund contribution. Granite has since timely filed its Form OUS2 for third quarter 2005 and made its third quarter 2005 contribution to the fund.

II. Granite Is Now In Full Compliance With ORS 759.425.

A. Granite Has Corrected the Deficiency Resulting in Cancellation of its Certificate of Authority

As the basis for cancellation of Granite's Certificate of Authority, the Commission found that Granite had, "failed to file the second quarter 2005 OUS2 form to comply with Oregon Universal Service Fund Requirements per ORS 759.425." The submission of Granite's Form OUS2 and payment of the applicable Oregon Universal Service Fund contribution for second quarter 2005, a copy of which are attached hereto at confidential exhibit A, has resolved the immediate deficiency resulting in cancellation of Granite's Certificate of Authority.

B. Granite Complies with the Remaining Prerequisites for Commission Consideration of a New Application for Certificate of Authority.

The Commission's Cancellation Order set forth four specific prerequisites for Commission processing of any subsequent application for certification by Granite. These prerequisites were ostensibly precipitated by the fact that this was the second time that the Commission had cancelled Granite's Certificate of Authority for failure to timely file Form OUS2. Granite presumes that these prerequisites similarly apply to

⁴ *In the Matter of the Cancellation of the Certificate of Authority Held by Granite Telecommunications, LLC*, Order, Order No. 05-1012 (September 16, 2005) ["Cancellation Order"].

Commission consideration of Granite's instant Petition for reinstatement of its Certificate of Authority, and demonstrates that it has met these prerequisites.

According to the Cancellation Order, any future Granite application for Certificate of Authority must include:

1. Payment of all revenue fees, including late payment fees, owed for each calendar year of operation pursuant to ORS 756.310(6)(a), in accordance with Commission requirements;
2. Confirmation of Compliance with Oregon Universal Service Fund requirements pursuant to ORS 759.425;
3. Annual reports for each calendar year of operation pursuant to OAR 860-032-0060; and
4. Information supporting Granite's belief that a grant of certificate of authority is in the public interest.

As demonstrated below, Granite has satisfied these Commission's prerequisites for consideration of the Company's Petition for reinstatement.

Payment of all revenue fees, including late payment fees, owed for each calendar year of operation pursuant to ORS 756.310(6)(a): The Commission found Granite delinquent in reporting and payment of the Oregon universal service fund in two quarters in the two years since Granite was first authorized to provide telecommunications services in Oregon: 1) third quarter of 2004; and 2) second quarter of 2005. Granite provides evidence of payment of these fees and applicable late payment fees, as well as evidence of payment of the most recently due third quarter 2005 contribution, attached hereto at confidential exhibit B, satisfying Commission prerequisite 1. No Oregon universal service fund amounts or penalties are due or outstanding.

Confirmation of Compliance with Oregon Universal Service Fund requirements pursuant to ORS 759.425: Form OUS2 for second and third quarter 2005 are attached hereto at confidential Exhibits A and B, respectively, confirming compliance with Oregon Universal Service Fund requirements pursuant to ORS 759.425.

Annual reports for each calendar year of operation pursuant to OAR 860-032-0060: Granite attaches copies of its annual reports for operations for the years 2003 and 2004 at confidential Exhibit C, satisfying the Commission's third prerequisite for consideration.

III. Granite's Application for Certificate of Authority is Consistent With the Public Interest.

Information supporting Granite's belief that a grant of certificate of authority is in the public interest constitutes the fourth Commission prerequisite for consideration of any Granite request for Certificate of Authority. Granite maintains that reinstatement of the Company's Certificate of Authority is consistent with the public interest. Granite has responsibly and successfully provided valuable competitive telecommunications services to commercial and residential subscribers in Oregon for a two year period. Granite has not been the subject of consumer complaints, nor otherwise found to be in non-compliance with Commission rules. The growth of Granite's Oregon customer base bears testament to the Company's effectiveness in providing desirable services to the public and serving its subscribers responsibly.

Granite recognizes that it has in two of the past 7 quarters since the Company was authorized to provide service in Oregon failed to timely file form OUS2 and make contributions to Oregon's universal service. These failings have resulted from

inefficiencies in Granite’s regulatory reporting processes resulting from rapid expansion of the Company’s nationwide operations. Granite’s two late-filed reports and fund contributions have been inadvertent, entirely without premeditation, and should in no way be characterized as “repeatedly ignor[ing] Commission rules.”⁵ Granite operates in 50 state jurisdictions and is keenly aware of its responsibility to comply with applicable regulations.

Granite has achieved an exemplary reputation as a premier competitive provider of competitive telecommunications provider to residential and commercial subscribers, including significant subscribers including the U.S. Postal Service. Granite cannot jeopardize its reputation through non-compliance with statute and regulation, no matter how inadvertent. The cancellation of Granite’s Oregon Certificate of Authority has identified process issues that Granite has resolved through implementation of improved calendar and tracking functions that ensure timely filed reports and contribution payments in Oregon and elsewhere. That these administrative issues have been identified – and now addressed – in no way diminishes the value and quality of service that Granite continues to provide to subscribers in Oregon and nationwide.

Granite maintains the technical, financial, and managerial ability to responsibly and effectively serve subscribers. In light of Granite’s resolving the deficiencies identified in the Cancellation Order, implementation of improved report calendar and tracking functions, and Granite’s demonstrated ability to serve subscribers, Granite maintains that the public interest has not been undermined and that Granite should be allowed to continue serving subscribers in the State of Oregon.

⁵ Cancellation Order at 1.

IV. Conclusion.

Granite has demonstrated that it has satisfied the deficiencies leading to cancellation of its Certificate of Authority and met the Commission's prerequisites for demonstration consideration of Granite's request for operating authority. For the foregoing reasons, Granite respectfully requests that the Commission grant the instant Application.

Exhibit A
(confidential)

Forms OUS2, Second Quarter 2005
(attached)

Exhibit B
(confidential)

Forms OUS2, Third Quarter 2005 and Evidence of OUSF Contribution Payments
(attached)

Exhibit C
(confidential)

2003 and 2004 Annual Reports
(attached)