

Andrew O. Isar

Via Overnight Delivery

December 14, 2005

Ms. Becky Beier
Commission Secretary
Public Utility Commission of Oregon
550 Capitol Street N.E., Suite 215
Salem, OR 97310-6611

Re: Granite Telecommunications, LLC – CP 1176

Dear Ms. Beier:

Enclosed for filing with the Public Utility Commission of Oregon are an original and one (1) copy of Granite Telecommunications, LLC's *Petition for Reinstatement* of its Certificate of Authority in Oregon. A redacted electronic copy was filed with the Commission this morning. Supporting exhibits attached hereto are deemed confidential and are filed under protective seal.

Please acknowledge receipt of this filing by file-stamping and returning the additional copy of this transmittal letter in the self-addressed, postage paid envelope enclosed for this purpose.

Thank you for your attention to this matter. Questions may be directed to the undersigned.

Sincerely,

MILLER ISAR, INC.

Andrew O. Isar

Enclosures

Regulatory Consultants to
Granite Telecommunications, LLC

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

CP 1176

In the Matter of)	
)	
GRANITE TELECOMMUNICATIONS, LLC)	
)	Docket No. _____
Petition for Reinstatement of Applicant's)	
Certificate of Authority to Provide)	
Telecommunications Service in Oregon and)	
Classification as a Competitive Provider.)	

PETITION FOR REINSTATEMENT

Granite Telecommunications, LLC (“Granite”), pursuant to Oregon Administrative Rule (“OAR”) 860-013-0020, hereby respectfully petitions the Public Utility Commission of Oregon (“Commission”) for reinstatement of the Company’s Certificate of Authority to provide telecommunications services in Oregon as a competitive provider (“Certificate of Authority”). Granite demonstrates that it has fulfilled its regulatory obligations to the Commission by remedying compliance deficiencies that were cause for Commission cancellation of Granite’s Certificate of Authority, and met Commission prerequisites for processing subsequent Granite requests for a certificate of operating authority. Granite seeks reinstatement of its Certificate of Authority in lieu of reapplying for a new Certificate of Authority in order to maintain continuity in the Company’s Oregon operations. In support of its request, Granite states as follows.

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 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.

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).

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”].

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 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. Reinstatement of Granite's 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 valueable 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

⁵ Cancellation Order at 1.

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.

IV. Granite Seeks Reinstatement of Its Certificate of Authority.

Granite has elected to request reinstatement of its Certificate of Authority. As an established Oregon telecommunications service provider, Granite wishes to maintain continuity in its operations. Reinstatement of its existing Certificate of Authority achieves that purpose. The deficiencies leading to Granite's cancellation pertained to administrative matters resulting in non-compliance. Granite maintains that the correction of these deficiencies and demonstration of meeting Commission prerequisites for consideration of its request for authority should allow the Company to

continue operating under the Certificate of Authority originally granted to the Company, rather than through initiating a new application for authority, and effectively “starting over.”

V. 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 its Petition and reinstate Granite’s Operating Authority in the State of Oregon.

Respectfully submitted, this 9th day of December 2005,

Granite Telecommunications, LLC

By: /s/ Lisa Mui

Lisa Mui
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Quincy, MA 02169
Telephone: 617.933.7381

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LISTING OF EXHIBITS

- | | |
|------------------|---|
| Exhibit A | Forms OUS2, Second Quarter 2005
(confidential) |
| Exhibit B | Forms OUS2, Third Quarter 2005 and Evidence
of OUSF Contribution Payments
(confidential) |
| Exhibit C | 2003 and 2004 Annual Reports
(confidential) |

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)