BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UM 1140

In the Matter of BEAVER CREEK COOPERATIVE TELEPHONE COMPANY Petition to Consolidate the Beavercreek Rate Center with the Clackamas Rate Center.	OPENING BRIEF OF BEAVER CREEK COOPERATIVE TELEPHONE COMPANY

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Beaver Creek Cooperative Telephone Company ("BCT") respectfully submits its Opening Brief in this proceeding.

INTRODUCTION

This proceeding was initiated by BCT filing to consolidate the Beavercreek exchange or rate center[1] into the Clackamas rate center.[2] BCT made the filing because it believes that the consolidation of the rate centers will promote competition and will have a beneficial outcome for purposes of number conservation. With the evidentiary proceeding completed, BCT continues to believe that the rate center consolidation is in the public interest for purposes of promoting competition and benefiting number conservation.

It is BCT's position that the benefit of rate center consolidation on competition cannot be denied. BCT believes that there is also a benefit for number conservation. There may be a debate as to the level of benefit that will be derived for number conservation from this rate center consolidation. However, no Federal Communications Commission (FCC) or Commission order requires a quantifiable demonstration of benefit. As the FCC has noted on a number of occasions, rate center consolidation is in the province of the state commission.[3] Further, BCT is of the opinion that the costs or burdens to other carriers from rate center consolidation are minimal.

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[1] The terms "exchange" and "rate center" will be used interchangeably in this Opening Brief. If there is a technical need to distinguish between the two terms, that will be identified within the context of the Opening Brief.

[2] The Clackamas rate center was created out of the consolidation of the Oregon City, Milwaukie and Lake Oswego rate centers in 2000. See, UM 953; Order No. 00-478. Historically, most, but not all, exchanges consisted of a single wire center. With rate center consolidation in the late 1990s, it then became common for a single rate center to include several exchanges and hence, several wire centers. For small independent companies, it was more likely that each exchange consisted of a single wire center and existed in a single rate center. The definitions of the terms "wire center," "rate center" and "exchange" are set out in Appendix A.

[3] See, e.g., BCT/6, BCT/7 and BCT/8.

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It is also BCT's opinion that if the evidence in this case is reviewed closely, it will demonstrate that Qwest's real motivation in opposing rate center consolidation is its opposition to competition from BCT. Qwest's claims of burden are clearly overstated. Qwest's claims of difficulties in dealing with local, competitive traffic are clearly overstated. Even Qwest's technical claims concerning the routing of traffic via the LERG are misstated. Despite Qwest's witness statements to the contrary, the LERG's own documentation clearly demonstrates that it is not to be used for local or extended area service (EAS) routing.[4] Thus, the fact that BCT's incumbent area numbering block and competitive area numbering block are assigned in the LERG to the same switch (which technically they have to be) cannot, by definition, cause any problems for local or EAS routing since the LERG is not to be used for those purposes.

Qwest's anti-competitive motive is underscored by the evidence in the record showing that in Colorado, when Qwest want to suit its own competitive purposes, it will take the same position on routing of traffic that BCT advocates in this case and Qwest opposes in Oregon.[5] Thus, where Qwest wants to compete, it uses the same rationale advanced by BCT in this docket. Where Qwest wants to fight competition, it opposes the same routing solutions that it advocated in Colorado for Qwest's own competitive entry.

RATE CENTER CONSOLIDATION IS A MATTER OF STATE DISCRETION

The orders of the FCC clearly establish that rate center consolidation is a matter left to the discretion of the state commissions. The FCC described rate centers and rate center consolidation as follows:

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[4] BCT/9.
[5] BCT/2 and BCT/3, which are portions of Qwest's testimony in Colorado.

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> Rate centers are generally creations of the incumbent local exchange carriers and are designed to facilitate billing and routing of local calls. Rate center consolidation, as they involve matters related to local calling scopes and local call rating, fall under state utility commissions' rate-making authority.[6]

Qwest agrees with this characterization.[7]

The FCC further stated on the subject of rate center consolidation that states have authority to consolidate rate centers and encouraged states to explore rate center consolidation. Specifically, the FCC stated:

> The Commission has stated repeatedly that states have authority to consolidate rate centers. Indeed, we have conveyed the importance of rate center consolidation and <u>encourage states to consolidate rate centers whenever possible</u>. **** Particularly, we <u>encourage</u> states to explore rate center consolidation opportunities in areas <u>where contiguous calling areas have identical</u> or <u>substantially similar rating schemes</u>. Rate center consolidation in these areas is least likely to have a significant impact on carrier revenues, because minimal realignment of local, extended, and toll calling boundaries would be necessary.[8] (Emphasis added.)

Qwest agrees that the Beavercreek rate center has the same local calling area as the Clackamas rate center.[9] As the Commission knows from its own orders, the rating for EAS calling is bill and keep. Thus, Beavercreek and Clackamas meet the standards identified by the FCC for rate center consolidation.

The FCC has described two competing goals that grow out of use of numbering resources. As stated by the FCC:

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[6] <u>In the Matter of Numbering Resource Optimization, et al.</u>, CC Docket No. 99-200, <u>et al.</u> <u>Order</u>, DA 00-1616 (Rel. July 20, 2000) at ¶59, BCT/6.
[7] TR 39, l. 1-3 and TR 42, l. 19 – 43, l. 5.
[8] <u>In the Matter of Numbering Resource Optimization, et al.</u>, CC Docket No. 99-200, <u>et al.</u>, <u>Second Report and Order, Order on Reconsideration</u>, FCC 00-429 (Rel. December 29, 2000) at ¶147 ("Second Report and Order"); BCT/8.
[9] TR 44, l. 9-14 and TR 52, l. 18-24.

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> In discharging our authority over numbering resources, we seek to balance two competing goals. We must ensure that carriers have the numbering resources that they need to compete and bring new and innovative services to the consumer marketplace. At the same time, we must ensure that, to the extent possible, numbering resources are used efficiently.[10]

BCT believes that consolidation of the Beavercreek rate center with the Clackamas rate center will serve these two goals.

ISSUE 1: NUMBER CONSERVATION

Federal and state policy encourage number conservation.[11] The concern for number conservation came to a head shortly after passage of the Telecommunications Act of 1996 (the "Act"). With the advent of local competition, numerous competitors tried to enter various markets and initially put a great strain on numbering resources by demanding utilization of complete NPA/NXXs for each and every rate center in which they desired to operate. The response to this demand was twofold. One was to implement number pooling. The other was to implement rate center consolidation. As determined by the FCC, number pooling is a federal initiative that requires state cooperation. Rate center consolidation is a matter of state discretion.[12]

BCT recognizes that the demand for numbering resources has slackened in recent years, particularly as a result of the technology collapse as competitors consolidated, filed bankruptcy and otherwise left the market.[13] Even with the demand for numbering resources tapering off, there are two ways in which the proposed rate center consolidation can benefit number conservation. The first is that it will allow companies currently operating in the Clackamas rate center to expand their

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[10] Second Report and Order at ¶4; BCT/7.
[11] See, generally, Second Report and Order.
[12] See, e.g., BCT/6, BCT/8.
[13] Beaver Creek/1, Linstrom/4, l. 4-6.

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operations into the Beavercreek exchange without obtaining new numbering resources.[14] Second, BCT is projecting exhaust of its 518 code in three to five years.[15] BCT has only recently begun a strong sales effort within the Oregon City exchange portion of the Clackamas rate center, having concentrated on first building facilities.[16] If BCT's projections are accurate, rate center consolidation would allow BCT to use the 632 code to meet numbering resource demands without needing to obtain additional numbering resources.[17]

Thus, there will be some benefit to number conservation from rate center consolidation. There is no requirement to be found in any federal rule that the level of benefit must be quantifiable. Indeed, the Commission did not engage in any quantification of benefit when it ordered rate center consolidation in UM 953. Even if there were no benefit, rate center consolidation could still occur. Even Qwest admitted that it is not aware of anything that prevents rate center consolidation if there is no benefit to number conservation.[18] However, in this case there is at least some benefit to number conservation from the proposed rate center consolidation.

ISSUE 2: COMPETITION

It cannot be denied that the rate center consolidation will have some benefit for competition. Rate center consolidation will allow those competitive local exchange companies (CLECs) that are operating in the Clackamas rate center to use the existing numbering resources to compete with BCT in the Beavercreek exchange, once it becomes part of the Clackamas rate center. New

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[14] According to the listing of assignments of number codes, ten CLECs hold one or more codes for the Clackamas rate center: ELI, MCI, Global Crossing, AT&T, Time Warner, Integra, Eschelon, Pac West, McLeod and SBC. See, Central Office Code Assignment Records found at www.nanpa.org.
[15] TR 13, l. 4-16; TR 18, l. 22 – TR 20, l. 9; Qwest/9.
[16] Ibid.
[17] Qwest raises concerns about the use of the 632 code in the Clackamas rate center, those concerns are addressed below.
[18] TR 34, l. 11-14.

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numbering resources would not be a barrier to those CLECs competing. It is obvious that Qwest will argue that there is little interest for competition in the Beavercreek exchange. The evidence shows that there is some, at least minimal, level of number porting going on today in the Beavercreek exchange[19] and that activity can be expected to continue to grow. Further, as the rules for obtaining ETC support from the federal and state universal funds continue to be clarified, it could be expected that BCT will face more competition, not less, in the coming years. Even Qwest admits that availability of numbering resources reduces the barrier to competition.[20]

ISSUE 3: NUMBER ASSIGNMENT

Rate center consolidation would also have a beneficial effect on two number assignment issues. One deals with BCT and the other deals with Qwest.

As noted by Mr. Linstrom, one reason for initiating this docket was to address number assignment issues that occurred growing out of confusion over whether the UA 55 transfer was part of the Beavercreek exchange or not on the part of BCT's customer service representatives. Initially, the BCT customer representatives were under the mistaken impression that the area that was transferred to BCT was part of the Oregon City operations that were being undertaken by BCT. After all, the area was part of the Oregon City exchange before it was transferred to BCT. As a result, several numbers were assigned out of the Oregon City code to those customers.[21] Rate center consolidation would solve any misassignment issues. In the meantime, BCT undertook several steps to address the number assignment issues on its own initiative and reassigned

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[19] Qwest/6A.
[20] TR 97, l. 11-14.
[21] BCT/1, Linstrom/1, l. 11 – Linstrom/2, l. 14.

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customers proper codes through the utilization of call forwarding mechanisms and other incentives.[22]

The second numbering assignment issue is Qwest's assignment of Oregon City numbers to the customers it serves within the Beavercreek exchange. In UA 55, Order No. 04-225, the Commission has allowed Qwest to continue to serve those customers, but by April of 2007 must begin serving them as a CLEC.[23] However, the Commission did not address number assignment issues in that docket.[24] Under technical assignment rules, as they exist today, if the Beavercreek rate center is not consolidated with the Clackamas rate center, Qwest would need to obtain new numbering resources and change those customers' numbers that it continues to serve. Qwest argues that it has not made the decision to continue to serve those customers. However, there is certainly no indication that they will not continue to serve those customers.[25] And, there is ample reason to believe they will continue to serve those customers.[26]

COMMENT ON VONAGE DECISION

There is an interesting new development that has potential bearing on this proceeding and on all number resource issues. In a recent decision concerning a petition filed by Vonage Holdings, the FCC considered the regulatory status of voice over Internet protocol (VoIP) services.[27] Although not providing clear guidance on the substantive issues, the FCC had some interesting comments on

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[22] BCT/1, Linstrom/2, l. 16-20.
[23] Qwest has asserted that it is an incumbent as to those customers in the Beaver Creek exchange. Cite. However, the Commission clearly declined to affirm that Qwest is an ILEC as to those customers. <u>See</u>, BCT/11, an excerpt from Order No. 04-225.
[24] The issue of number assignment was not before the Commission.
[25] TR 33, l. 25 – TR 34, l. 2.
[26] BCT/1, Linstrom/7, l. 1 – Linstrom/8, l. 3.
[27] <u>In the Matter of Vonage Holdings Corporation Petition for Declaratory Ruling Concerning an Order of the Minnesota Public Utilities Commission</u>, WC Docket No. 03-211, <u>Memorandum Opinion and Order</u>, FCC 04-267 (Rel. Nov. 12, 2004) ("Vonage Order").

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Vonage's use of numbering resources. One of the bases for the FCC preempting state regulation over certain VoIP offerings was the way in which Vonage's offerings utilized numbering resources. The FCC pointed out in the Vonage Order that if a customer was located in New York City, but wanted a Portland, Oregon number, they could get that number from the Vonage service.[28] The customer could then take that number anywhere they wanted within the United States. The FCC reasoned that this made the jurisdictional nature of the communications impossible to determine. The FCC reasoned that the presumption is that the calling would be more likely to be interstate in nature and therefore preemption was appropriate. In fact, the FCC lauded Vonage's mobility of service using numbering resources.[29]

This case is interesting for this proceeding from two perspectives. First, the FCC seems to be saying that competition will not be bound by technical number assignment issues. If this continues to be the trend of the FCC's decision, it may well be that BCT and Qwest will not be bound, in the future, by a concern over whether Oregon City numbers are assigned in the Beavercreek exchange and vice versa.[30]

More importantly, what the Vonage decision raises in terms of number conservation issues is an important consideration that state commissions, as well as the FCC, should be thinking about right now. With the Vonage decision, and as can be seen in the trade press, many carriers are rapidly trying to find ways to offer VoIP services. To compete with Vonage, that means carriers wanting to offer VoIP services will need access to numbering resources in all parts of the country so that if a customer wants a number in Portland, Seattle, Minneapolis or any other area, the carrier will be able to assign the customer access to that type of number. Just like the early entry of CLECs

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[28] This is not the example used by the FCC, but it fits within the parameters of the discussion undertaken by the FCC.
[29] Vonage Order at ¶5, 9 and 18. See, also, ¶25.
[30] The Vonage Order raises far more complex issues for capturing the jurisdictional nature of traffic for Qwest than anything BCT proposes in this docket.

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into various rate centers put a strain on numbering resources, it may well be that an explosion of VoIP providers produce a similar run on numbering resources.

ISSUE 4: BURDEN OF RATE CENTER CONSOLIDATION

Qwest claims that there will be substantial costs imposed upon Qwest and other carriers as a result of this rate center consolidation. Those claims are clearly overblown.

As explained by Mr. Linstrom and Mr. Warner, there will be minimal costs imposed upon Qwest and other carriers from this rate center consolidation.[31] The Beavercreek rate center is already part of the Portland Metro EAS region.[32] No additional EAS trunks will be needed. Customers will not see any increase in rates, whether those customers are BCT customers, Qwest customers or any other customers in the EAS area. Interexchange carriers will not see a difference in the access charges that they pay to BCT. Access charges no longer vary by rate center, at least for BCT.[33]

SUBISSUE: ROUTING OF TRAFFIC

Qwest makes the argument in its testimony that somehow carriers will not know how to route their traffic to BCT if rate center consolidation occurs.[34] This argument ignores the fact that BCT operates within the Oregon City rate center today using the same switch that it will use if rate center consolidation occurs. Carriers have no difficulty in getting their traffic to BCT today. They

[31] BCT/1, Linstrom/8, l. 6 – Linstrom/10, l. 15; BCT/4, Warner/1-3.
[32] BCT/1, Linstrom/9, l. 12-13.
[33] BCT/1, Linstrom/10, l. 1-5.
[34] Qwest/3, Linse/3, l. 15 – Linse/4, l. 13.

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will have no difficulty in getting that traffic to BCT if rate center consolidation occurs.[35] BCT's switch will be in the same location; it will not move as a result of rate center consolidation. The routing instructions will be the same as carriers use today. This has not presented a problem in the past and will not present a problem in the future.

In his testimony, Mr. Linse argued that BCT was in violation of the LERG since the information in the LERG did not differentiate between BCT's competitive and local operations.[36] However, the LERG's own instructions are emphatic that it is not used for local routing purposes.[37] While the LERG will show that if an incumbent has a separate affiliate that is a CLEC, the LERG will identify the affiliate as a CLEC. However, Qwest could point to no requirement that a carrier is required to have a separate affiliate if it desires to offer competitive services.[38] Mr. Linse speculated that there might be an OCN (operating company number) issue.[39] However, Ms. Batz clarified that there is no requirement to have a separate OCN for competitive purposes.[40] As a result of cross-examination and questions from the bench, Mr. Linse clarified his testimony so that it was not so much focused on routing issues, but on rating (compensation) issues.[41] The rating issues will be discussed in the next section.

Attached as Diagrams 1 and 2 are trunking diagrams showing how traffic would be routed for EAS purposes both today (Diagram 1) and if rate center consolidation occurs (Diagram 2). These diagrams are identical because the trunking is and will be identical. Diagrams 3 and 4

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[35] The same trunking that is in place for routing interexchange calls to and from the tandem that exists today, will exist after rate center consolidation. The rate center consolidation will be transparent to customers and other carriers from a compensation and traffic routing perspective.
[36] Qwest/3, Linse/3, l. 15 – Linse/4, l. 13.
[37] BCT/9; TR 61, l. 2-14: The LERG instructions emphasize that local and EAS routing are NOT contained in the LERG.
[38] TR 98, l. 15 - 99, l. 15.
[39] See, e.g., TR 77, l. 8 – TR 79, l. 4.
[40] TR 98, l. 15 – 99, l. 15.
[41] See, e.g., TR 79, l. 5 – TR 83, l. 9.

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demonstrate how traffic will be routed for interexchange (non-EAS) routing. Diagram 3 shows the routing mechanism today. Diagram 4 shows the routing after rate center consolidation. Again, the routing is identical. There will be no adverse consequences for routing of traffic after rate center consolidation.

SUBISSUE: RATING OF TRAFFIC

Qwest's most heated argument on the "burden" issue is their argument that if rate center consolidation is allowed to occur, they will not be able to tell what traffic is delivered from BCT that is ILEC traffic and what traffic is CLEC traffic for rating or compensation purposes. This argument is undermined in at least four different directions.

First, this argument ignores the fact that BCT has delivered both competitive and incumbent traffic over the same trunk group to Qwest since approximately 1997.[42] Qwest has not found that to be a problem to date. Qwest has failed to explain in any cogent manner why this would now become a problem upon rate center consolidation.

Second, in order for BCT to obtain local number portability from Qwest, Qwest insisted that separate trunk groups be installed. These trunk groups, called LIS trunks, were installed approximately November 4, 2004.[43] Use of these extra trunk groups simply impose more costs on BCT for its competitive operations. Nonetheless, those trunk groups were installed.

The third point that undermines Qwest's argument is the fact that Qwest itself took the opposite position from the position it takes in this case in a similar, but mirror image, proceeding in

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[42] TR 12, l. 24 – TR 13, l. 3; BCT/1, Linstrom/3, l. 6-7.
[43] See, Declaration of Mr. Halderman.

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Colorado.[44] In the Colorado Eastern Slope proceeding, Qwest was undertaking to serve customers in a rural telephone company service area. The relevance of the position that Qwest took in the Eastern Slope proceeding is the position Qwest takes on the routing of traffic and any confusion that that might impose for compensation.[45] In the Eastern Slope proceeding, Qwest argued that it should be able to route its competitive traffic that it originates in the Eastern Slope exchange to Eastern Slope's other customer over existing EAS trunks. Apparently, that would cause no confusion or adverse consequences in Colorado. So why would the same routing mechanism in Oregon cause Qwest confusion and adverse consequences?

It should be noted that the initial decision in Colorado found against Qwest on the trunking issue.[46] However, Qwest's conflicting positions in Colorado and Oregon where in Colorado it wants to be the competitive provider and in Oregon it wants to avoid competition, underscore Qwest's anti-competitive behavior.

The fourth point is that there are relatively inexpensive ways for Qwest to determine that there is a separation of CLEC and ILEC traffic. Perhaps the most common used in the industry is the use of ratios. As pointed out in Mr. Linstrom's testimony and Ms. Batz confirmed on cross, ratios are commonly used, and have been for a number of years, to separate interstate from intrastate traffic.[47] Ratios are used to separate local from interexchange traffic under Qwest's

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[44] In the Matter of the Application of Qwest Corporation for Approval of its Revised Exchange Area Map for the Denver Metro Exchange Area Aurora Zone and the Declaration of Qwest Corporation of its Intent to Serve Within the Territory of Eastern Slope Rural Telephone Association, Inc., a Rural Telecommunications Provider, Docket No. 04A-254T ("Eastern Slope").

[45] In his testimony and on cross-examination, Mr. Mason addressed the territorial entry consequences of the Eastern Slope proceeding under Colorado law. Mr. Mason admitted that he was not addressing the trunking issue. TR 28, l. 16-22.

[46] Eastern Slope, Recommended Decision, Decision No. R05-0215 (February 17, 2005).

[47] TR 100, l. 5-20; BCT/1, Linstrom/16, l. 1-22.

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interconnection agreements.[48] These are self-reported ratios.[49] These ratios are subject to audit rights.[50]

Qwest's apparent objection to using a ratio to distinguish BCT's competitive service is that it does not use that specific type of ratio for anyone else.[51] However, use of such a ratio would be simple and inexpensive. Just as an interexchange carrier would report a ratio for PIU or a CLEC would report a ratio for PLU today, BCT could provide a ratio of traffic.[52] There is nothing expensive about such an approach.

In addition to ratios, upon cross-examination Qwest admitted that there is measuring devices available that could be used.[53] Qwest was not sure what those would cost.[54]

Further, Qwest admitted that it is using databases for many functions today.[55] There is no reason why a database solution could not be used in this situation as well.

Qwest's objection appears to boil down to the fact that BCT has not set up a separate affiliate.[56] Can Qwest force CLEC operations to take on a single form? How does that serve the interests of public policy and the advancement of competition? Even Qwest admitted that consumers will benefit if competition takes on many forms.[57] There would be no additional burden to Qwest for BCT to report a CLEC to ILEC traffic ratio.

Qwest argues that BCT would be competing with Qwest on a different basis than other

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[48] TR 101, l. 5-10; BCT/1, Linstrom/16, l. 1-22.
[49] TR 101, l. 12-14; TR 100, l. 10-20.
[50] TR 100, l. 21-24.
[51] Qwest/4, Batz/9, l. 10-12.
[52] Please note that this assumes that traffic is not segregated onto separate trunk groups. If traffic is segregated onto separate trunk groups, there is no issue at all.
[53] TR 86, l. 10 – TR 88, l. 7.
[54] TR 89, l. 13 – TR 90, l. 9.
[55] TR 75, l. 16 – TR 76, l. 4; TR 101, l. 19 – TR 102, l. 8.
[56] TR 102, l. 9 – TR 103, l. 13.
[57] TR 103, l. 14-18.

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competitors. The question has to be asked, what is wrong with the statement Qwest makes. The answer is that Qwest is trying to force competition into one mode that suits its preferences. Competition should take on as many different characteristics as can be reasonably accommodated. Qwest has absolutely failed to demonstrate any quantifiable costs to use the CLEC/ILEC traffic ratio. Qwest's unsupported speculation should not stand in the way of efficient competition. Qwest's position on competition should not be allowed to force inefficient costs on its competitors.

CONCLUSION

The consolidation of the Beavercreek rate center with the Clackamas rate center fits within the conditions which the FCC encouraged states to consider for rate center consolidation. Both the Clackamas rate center and the Beavercreek rate center are within the Portland metro EAS calling area. They have the same local calling scope. For the customers of BCT in the Beavercreek rate center and the customers of Qwest in the Clackamas rate center, calling in the Portland metro EAS area is flat rated. The compensation between carriers is on a bill and keep basis.[58]

Rate center consolidation would lower the barriers to competition in the existing Beavercreek exchange. Rate center consolidation would be beneficial for competition in the existing Clackamas rate center. Although not required for rate center consolidation, there would also be at least an incremental benefit for number conservation purposes.

BCT has chosen to operate as a single entity for both its incumbent and competitive ventures. There is nothing illegal about that choice. It is a choice that BCT is entitled to make. Qwest made much to do about some possible confusion in the LERG over the routing of traffic to BCT. However, Qwest admitted that if a carrier has one corporate entity with one switch that

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[58] Where Beaver Creek competes with Qwest in Oregon City, the calling is on a reciprocal compensation basis, not bill and keep. That would continue to be the case. That fact does not affect rate center consolidation.

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subtends one access tandem, then all routing to that carrier would be identified in the LERG as the same.[59] There was a suggestion that perhaps it was an OCN or operating company number confusion. However, Qwest admitted that it knew of no requirement for a single entity to possess more than one OCN.[60] There is absolutely nothing about the routing of traffic that would change with rate center consolidation. Traffic that originates from the Beavercreek exchange today would be classified exactly the same after rate center consolidation. What is local or EAS today would be local or EAS tomorrow. What is toll today would be toll tomorrow. The access charges that interexchange carriers pay BCT to originate or terminate traffic would remain exactly the same.

Qwest's objection really boils down to one of being able to track competitive traffic that BCT originates for reciprocal compensation purposes. Qwest's objections seem overblown when one considers that BCT has been exchanging competitive traffic with Qwest since 1997. BCT objects to Qwest's demand that separate trunk groups, called LIS trunks, be used for competitive traffic as an expensive and inefficient solution to compensation purposes. However, that is one solution. There are other solutions that are available. The use of ratios, which are common in the industry, is an inexpensive means to allocate traffic for compensation purposes. As Qwest admitted, ratios are used for toll traffic. As Qwest admitted, ratios are used for CLEC traffic. The use of a ratio for BCT's traffic is a reasonable solution to Qwest facing a competitor that has both incumbent and competitive operations.[61]

Qwest should not be allowed to impose constraints on the form of competition it faces. Where markets can sustain competition, customers benefit from choosing among the forms of

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[59] TR 62, l. 13-18.
[60] TR 98, l. 20 – TR 99, l. 15.
[61] Absent a ratio, there are also database and measuring solutions. Admittedly, those would be more expensive to establish than a ratio solution.

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service offered to them. BCT is offering customers the benefits of being able to join a cooperative. Qwest wants to hamper the ability to deliver that choice.

In the final analysis, rate center consolidation is a matter of discretion for the Commission. Qwest agrees that historically rate centers have been the legacy creation of the incumbent operation. Historical boundaries should not stand in the way of customer choice. BCT respectfully requests that the Commission grant the Petition to Consolidate the Beavercreek and Clackamas rate centers.

Respectfully submitted this 17th day of March, 2005.

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APPENDIX A

Wire center – The physical structure where the telephone company terminates subscriber outside cable plant (i.e. their local lines) with the necessary testing facilities to maintain them…. One or more Switching Entities which serve the plant facilities through a single main frame (or two or more main frames joined by the cables), regardless of the number of buildings involved. A wire center might have one or several class 5 central offices, also called public exchanges or simply switches.

Rate center – Telephone company-designated geographic locations assigned vertical and horizontal coordinates between which airline mileages are determined for the charging of private lines. Or as defined by the telephone industry, rate center is that point within an Exchange Area defined by rate map coordinates used as the primary basis for the determination of toll rates. Rate Center may also be used for the determination of selected local rates. See Airlines Mileage and V & H.

Exchange – 1. Sometimes used to refer to a telephone switching center – a physical room or building. Outside North America, telephone central offices are called "Public Exchanges."
2. A geographic area established by a common communications carrier for the administration and pricing of telecommunications services in a specific area that usually includes a city, town or village. An exchange consists of one or more central offices and their associated facilities. An exchange is not the same as a LATA. A LATA consists of several adjacent exchanges.

Source: Newton's Telecom Dictionary, 18th Edition (2002).