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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

CP 734
CP 14
UM 549
UM 668

In the MCI WORLDCOM)
COMMUNICATIONS, INC. F/K/A)
WORLDCOM TECHNOLOGIES, INC.,) ORDER
for a Certificate of Authority to Provide)
Telecommunications Service in Oregon and)
Classification as a Competitive Provider.)
)

DISPOSITION: CP 734, APPLICATION GRANTED
CP 14, CERTIFICATE OF AUTHORITY CANCELED
UM 549, CERTIFICATE OF AUTHORITY CANCELED
UM 668, CERTIFICATE OF AUTHORITY CANCELED

Note: By issuing this certificate, the Commission makes no endorsement or certification regarding the certificate holder's rates or service.

The Application

On November 5, 1999, MCI WorldCom Communications, Inc. f/k/a WorldCom Technologies, Inc. (Applicant) filed with the Commission an application for certification to provide telecommunications service in Oregon as a competitive provider. Applicant seeks to provide intraexchange (local exchange) telecommunications service in areas coextensive with local exchanges of U S WEST Communications, Inc. (USWC) and GTE Northwest Incorporated (GTE). Applicant also seeks to provide interexchange telecommunications service, including private line service, statewide in Oregon.

The local exchanges of USWC encompassed by the application are listed in Appendix A to this order. The local exchanges of GTE encompassed by the application are listed in Appendix B.

Applicant proposes to provide intraexchange (local exchange) switched service (i.e., local dial tone) and nonswitched private line service (dedicated transmission service) in exchanges listed in Appendices A and B to this order. Applicant also proposes to provide interexchange switched telecommunications service (i.e., long distance toll) and nonswitched private line service (dedicated transmission service) statewide in Oregon. Applicant will purchase unbundled network elements (building blocks), as well as finished services, from other certified carriers for intraexchange service. Applicant will be a reseller as well as a facilities based provider of interexchange services. Applicant may also purchase unbundled network elements, as well as finished services, from other certified interexchange carriers.

Operator services are part of switched telecommunications service. Applicant will directly provide operator services, as defined in OAR 860-032-0001(4). Applicant will also be an "operator service provider" as defined in ORS 759.690(1)(d). A statement of compliance with Commission rules and with state law, including ORS 759.690 and OAR 860-032-0005 (regarding operator services), was included in the application.

The Commission served notice of the application on the Commission's telecommunications mailing list on November 12, 1999. The Commission did not receive any protests. However, USWC and GTE will be considered parties to this proceeding. On December 20, 1999, an Administrative Law Judge (ALJ) with the Commission issued a ruling that adopted procedures for the processing of this docket. The ALJ set forth a procedural schedule. On December 30, 1999, the Commission Staff (Staff) distributed a proposed order for review by the parties. No exceptions to the proposed order were filed.

Applicant has undergone numerous mergers, acquisitions, and name changes over the past several years. Applicant informed Staff that several associated companies are no longer in business. The authority to provide telecommunications service granted to those entities will be canceled with this order. *See* Order Nos. 94-1322, dated 8/30/94, and 95-283, dated 3/16/95, in docket UM 668, Order No. 96-021, dated 7/9/96, in docket CP 14 (both are MFS Intelenet of Oregon, Inc.), and Order Nos. 93-403, dated 3/29/93, and 93-619, dated 4/27/93, in docket UM 549. The entity in UM 549 has changed names several times from Metromedia Communications Corporation to LDDS Communications to WorldCom Technologies. However, it remained in the Commission records as Metromedia Communications Corporation. Applicant also requested cancellation of Order No. 98-207, dated 5/20/98, in docket UM 549. However, that order is a cancellation order in itself and as such will not be canceled here.

Applicant is affiliated with several competitive telecommunications companies that remain operational in Oregon. *See* Metropolitan Fiber Systems of Oregon, Inc., Order Nos. 94-159, dated 1/20/94, and 94-1376, 9/12/94, in docket UM 637; Touch 1 Long Distance, Inc., Order No. 96-013, dated 1/5/96, in docket CP 115; TTI National, Inc., Order No. 96-142, dated 6/6/96, in docket CP 174; MCI WorldCom Network Services, Inc., Order No.

87-1106, dated 10/21/87, in docket UM 88; MCIMetro Access Transmission Services, LLC, Order Nos. 96-021, dated 1/12/96, in docket CP 15, 97-234, dated 6/24/97, in docket CP 292, and 97-401, dated 10/13/97, in docket CP 363; and Teleconnect Long Distance Services and Systems, Co., Order No. 89-1246, dated 9/22/89, in docket UM 259.

The Commission has reviewed the proposed order and the record in this matter. Based on a preponderance of the evidence, the Commission makes the following:

FINDINGS AND CONCLUSIONS

Applicable Law

Applications to provide telecommunications service and for classification as a competitive telecommunications service provider are filed pursuant to ORS 759.020. ORS 759.020 provides that:

(1) No person [or] corporation * * * shall provide intrastate telecommunications service on a for-hire basis without a certificate of authority issued by the Public Utility Commission under this section.

* * * * *

(5) The commission may classify a successful applicant for a certificate as a telecommunications utility or as a competitive telecommunications services provider. If the commission finds that a successful applicant for a certificate has demonstrated that services it offers are subject to competition or that its customers or those proposed to become customers have reasonably available alternatives, the commission shall classify the applicant as a competitive telecommunications services provider. * * * For purposes of this section, in determining whether telecommunications services are subject to competition or whether there are reasonably available alternatives, the commission shall consider:

(a) The extent to which services are available from alternative providers in the relevant market.

(b) The extent to which services of alternative providers are functionally equivalent or substitutable at comparable rates, terms and conditions.

(c) Existing economic or regulatory barriers to entry.

(d) Any other factors deemed relevant by the commission.

Applications to provide local exchange (intraexchange) telecommunications service are reviewed pursuant to ORS 759.050, the “competitive zone law.” Under ORS 759.050(2)(a), the Commission may:

Certify one or more persons, including another telecommunications utility, to provide local exchange telecommunications service within the local exchange telecommunications service area of a certified telecommunications utility, if the commission determines that such authorization would be in the public interest. For the purpose of determining whether such authorization would be in the public interest, the commission shall consider:

- (A) The effect on rates for local exchange telecommunications service customers both within and outside the competitive zone.
- (B) The effect on competition in the local exchange telecommunications service area.
- (C) The effect on access by customers to high quality innovative telecommunications service in the local exchange telecommunications service area.
- (D) Any other facts the commission considers relevant.

Under ORS 759.050(2)(b), the Commission shall:

Upon certification of a telecommunications provider under paragraph (a) of this subsection, establish a competitive zone defined by the services to be provided by the telecommunications provider and the geographic area to be served by the telecommunications provider.

Under ORS 759.050(2)(c), the Commission may:

Impose reasonable conditions upon the authority of [the Applicant] to provide competitive zone service within the competitive zone * * * at the time of certification of a telecommunications provider, or thereafter.

Subsection (5)(a) of ORS 759.050 provides that:

Unless the commission determines that it is not in the public interest at the time a competitive zone is created, upon designation of a competitive zone, price changes, service variations, and modifications of competitive zone services offered by a telecommunications utility in the zone shall not be subject to ORS 759.180 to ORS 759.190 [notice, hearing and tariff suspension procedures], and at the telecommunications utility’s discretion, such changes may be made effective upon filing with the commission.

ORS 759.690 and OAR 860-032-0005 establish certain requirements providers of operator services must meet. Included are the following conditions:

The certificate holder involved in the provision of operator services shall:

1. Notify all callers at the beginning of the call of the telecommunications provider's name and allow a sufficient delay period to permit a caller to terminate the call or advise the operator to transfer the call to the customer's preferred carrier.
2. Disclose rate and service information to the caller when requested.
3. Not transfer a call to another operator service provider without the caller's notification and consent.
4. Not screen calls and prevent or "block" the completion of calls which would allow the caller to reach an operator service company different from the certificate holder. In addition, the certificate holder shall, through contract provisions with its reseller clients, prohibit the reseller from blocking a caller's access to his or her operator service company of choice.
5. When entering into operator service contracts or arrangements with call aggregators include in each contract provisions for public notification. A sticker or nameplate identifying the name of the certificate holder shall be attached to, or in close proximity to, each telephone that has public access.

OAR 860-032-0015(1) authorizes the Commission to suspend or cancel the certificate if the Commission finds that (a) the holder made misrepresentations when it filed the application, or (b) the Applicant fails to comply with the terms and conditions of the certificate.

Designation as a Competitive Provider

Applicant has met the requirements for classification as a competitive telecommunications service provider. Applicant's customers or those proposed to become customers have reasonably available alternatives. The incumbent telecommunications utilities, USWC and GTE, provide the same or similar local exchange services in the local service area requested by Applicant. AT&T, MCI, Sprint Communications, USWC, and others provide interexchange toll, private line and operator services in the service area requested by the Applicant. Subscribers to Applicant's services can buy comparable services at comparable rates from other vendors. Economic and regulatory barriers to entry are relatively low.

Conditions of the Certificate

As part of the application, the Applicant agreed to, or acknowledged, several conditions listed in the application. Those conditions are adopted and made conditions of this certificate of authority.

The Commission first applied the competitive zone law, ORS 759.050, in dockets CP 1, CP 14, and CP 15. After full evidentiary hearings and consideration of the public interest criteria set forth in ORS 759.050(2)(a), the Commission designated three competitive providers of switched local exchange services as alternate exchange carriers (AECs or competitive local exchange carriers (CLECs)) in the Portland metropolitan area. *See* Order No. 96-021. The Commission subsequently applied those findings and conclusions to dockets CP 132, CP 139, and CP 149, and certified two CLECs to provide switched local exchange services in areas located throughout the state.

The Commission takes official notice of the record in dockets CP 1, CP 14, and CP 15.¹ In Order No. 96-021, the Commission established conditions applicable to CLEC certificates. Since Applicant, MCI WorldCom Communications, Inc. f/k/a WorldCom Technologies, Inc., proposes to offer switched local exchange services, it seeks certification as a CLEC. Pursuant to ORS 759.050(2)(c) and Order No. 96-021, Applicant as a CLEC shall comply with the following conditions:

1. Applicant shall terminate all intrastate traffic originating on the networks of other telecommunications service providers that have been issued a certificate of authority by the Commission.
2. Whenever Applicant terminates intrastate long distance traffic directly or indirectly from interexchange carriers or from its own toll network to its end user customers, Applicant shall contribute to the Oregon Customer Access Fund (OCAF), or its equivalent, in accordance with provisions of the Oregon Customer Access Plan (OCAP) or any successor plan approved by the Commission. Applicant shall contribute using rates approved by the Commission on intrastate terminating carrier common line access minutes, or on any other basis determined by the Commission. Applicant may not participate in (i.e., receive money from) pooling arrangements established under the OCAP or any successor plan unless authorized by the Commission.
3. Applicant shall comply with the Oregon Exchange Carrier Association's (OECA) informational and operational needs as specified by the OCAP or any successor plan approved by the Commission.

¹ Under OAR 860-014-0050(2), a party may object to facts noticed within 15 days of notification that official notice has been taken. The objecting party may explain or rebut the noticed facts.

4. Applicant shall offer E-911 service. Applicant has primary responsibility to work with the E-911 agencies to make certain that all users of their services have access to the emergency system. Applicant will deliver or arrange to have delivered to the correct 911 Controlling Office its customers' voice and dialable Automatic Number Identification (ANI) telephone numbers so the lead 911 telecommunications service provider can deliver the 911 call to the correct Public Safety Answering Point (PSAP). Applicant agrees to work with each 911 district and lead 911 telecommunications service provider to develop database comparison procedures to match Applicant's customer addresses to the 911 district's Master Street Address Guide in order to obtain the correct Emergency Service Number (ESN) for each address. Applicant agrees to provide the lead 911 telecommunications service provider with daily updates of new customers, moves, and changes with the correct ESN for each.
5. Applicant shall not take any action that impairs the ability of other certified telecommunications service providers to meet service standards specified by the Commission.
6. At the request of the Commission, Applicant shall conduct, and submit to the Commission, traffic studies regarding traffic exchanged with telecommunications service providers and other entities designated by the Commission.
7. For purposes of distinguishing between local and toll calling, Applicant shall adhere to local exchange boundaries and Extended Area Service (EAS) routes established by the Commission. Further, Applicant shall not establish an EAS route from a given local exchange beyond the EAS area for that exchange.
8. When Applicant is assigned one or more NXX codes, Applicant shall limit each of its NXX codes to a single local exchange and shall establish a toll rate center in each exchange that is proximate to the toll rate center established by the telecommunications utility serving the exchange.
9. Applicant shall comply with universal service requirements as determined by the Commission.
10. Unless otherwise provided pursuant to an interconnection agreement adopted by the Commission pursuant to Section 252 of the Telecommunications Act of 1996, Applicant shall enter into interconnection agreements with telecommunications utilities for exchange of local and EAS traffic, ancillary services (i.e., directory listings, directory assistance, 911 arrangements, mutual repair referral) and other interconnection matters in accordance with requirements the Commission established in Order No. 96-021 as otherwise modified by the Commission.

11. If Applicant provides services to a subscriber who, in turn, resells the services, including operator services, then Applicant and the subscriber must comply with ORS 759.690 and OAR 860-032-0005.

Public Interest

In Order No. 93-1850, docket UM 381, the Commission considered the public interest aspects of local exchange competition for dedicated transmission service similar to that described in the application before us now. In dockets CP 1, CP 14, and CP 15, Order No. 96-021, the Commission made several public interest findings regarding local exchange competition in general.

The Commission's Findings of Fact and Opinion in docket UM 381, Order No. 93-1850, at pages 4 – 6, and the Commission's Findings and Decisions in dockets CP 1, CP 14, and CP 15, Order No. 96-021 at pages 6 - 21, entered pursuant to ORS 759.050(2)(a)(A) - (C), are adopted. The Commission takes official notice of the record in dockets UM 381, CP 1, CP 14, and CP 15.² Based on a review of those findings, as well as information contained in the application, the Commission concludes that it is in the public interest to grant the application of MCI WorldCom Communications, Inc. f/k/a WorldCom Technologies, Inc. to provide local exchange telecommunications service as a competitive telecommunications provider in the exchanges listed in Appendices A and B. Further, it is in the public interest to grant the application to provide intrastate, interexchange switched (toll) telecommunications service and dedicated transmission service statewide as described in the application.

Competitive Zones

The exchanges listed in Appendices A and B to this order are designated competitive zones pursuant to ORS 759.050(2)(b).

Pricing Flexibility

In Order No. 93-1850, docket UM 381, the Commission granted pricing flexibility for dedicated transmission service at the time the Commission granted the certificate of authority. Applicant seeks authority to provide intraexchange dedicated transmission service. Accordingly, USWC and GTE are granted pricing flexibility for dedicated transmission service in the exchanges listed in Appendices A and B.

² Under OAR 860-014-0050(2), a party may object to facts noticed within 15 days of notification that official notice has been taken. The objecting party may explain or rebut the noticed facts.

For intraexchange, switched telecommunications service the following applies. The Commission's Findings and Decisions in dockets CP 1, CP 14, and CP 15, Order No. 96-021 at pages 82 and 83, entered pursuant to ORS 759.050(5)(a) - (d), are adopted.

Accordingly, USWC will gain pricing flexibility in an exchange listed in Appendix A when:

1. Applicant, or an authorized CLEC, has received a certificate of authority to provide local exchange service.
2. USWC files a tariff that satisfies the Commission's requirements regarding the provision of interim number portability, as set forth in Order No. 96-021, and the Commission approves the tariff. USWC satisfied this requirement. *See* Order No. 96-277.
3. Staff notifies the Commission that a mutual exchange of traffic exists between USWC and an authorized CLEC, including but not limited to, Applicant. If Staff previously provided the required notice regarding an exchange, no additional notice is required for that exchange.

(a) As used in paragraph 3 above, "mutual exchange of traffic" means a mutual exchange of traffic between USWC and the CLEC within each exchange on an exchange-by-exchange basis. For example, if there is a mutual exchange of traffic in the Bend exchange, USWC would get pricing flexibility in the Bend exchange only.

(b) As used in paragraph 3 above, for a CLEC who is a reseller (i.e., the CLEC does not use its own lines or switches to provide the particular service at issue), a "mutual exchange of traffic" exists when the CLEC orders and receives one service, at a wholesale rate, from the LEC for resale pursuant to a certificate granted under ORS 759.050.

Similarly, GTE will gain pricing flexibility in an exchange listed in Appendix B when:

1. Applicant, or an authorized CLEC, has received a certificate of authority to provide local exchange service.
2. GTE files a tariff that satisfies the Commission's requirements regarding the provision of interim number portability, as set forth in Order No. 96-021, and the Commission approves the tariff. GTE satisfied this requirement. *See* Order No. 96-278.

3. Staff notifies the Commission that a mutual exchange of traffic exists between GTE and an authorized CLEC, including but not limited to, Applicant. If Staff previously provided the required notice regarding an exchange, no additional notice is required for that exchange. The definitions in paragraphs 3.(a) and 3.(b) above, also apply here.

ORDER

IT IS ORDERED that:

1. The application of MCI WorldCom Communications, Inc. f/k/a WorldCom Technologies, Inc. to provide intraexchange switched service and dedicated transmission service, and to provide interexchange switched (toll) service and dedicated transmission service, as described in the application, is in the public interest and is granted with conditions described in this order.
2. Applicant is designated as a competitive telecommunications provider for intraexchange service in the exchanges listed in Appendices A and B, and for intrastate, interexchange service statewide in Oregon.
3. The local exchanges of USWC listed in Appendix A and those of GTE listed in Appendix B are designated as competitive zones.
4. USWC and GTE shall receive pricing flexibility on an exchange-by-exchange basis as set forth in this order.
5. Pursuant to ORS 759.050(2)(c), Applicant shall comply with Commission imposed universal service requirements as a condition of authority to provide local exchange service.
6. The certificate of authority granted to MFS Intelenet of Oregon, Inc. by Order No. 94-1322, dated 8/30/94, and Order No. 95-283, dated 3/16/95, in docket UM 668 and the authority granted by Order No. 96-021, dated 1/12/96, in docket CP 14 is canceled.

7. The authority granted to Metromedia Communications Corporation by Order No. 93-403, dated 3/29/93, and Order No. 93-619, dated 4/27/93, in docket UM 549 is canceled.

Made, entered, and effective _____.

William G. Warren
Director
Utility Program

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order to a court pursuant to ORS 756.580.

ORDER NO.

APPENDIX A

CP 734

EXCHANGES OF U S WEST COMMUNICATIONS, INC.
ENCOMPASSED BY THE APPLICATION

Burlington
Lake Oswego
North Plains
Oak Grove/Milwaukie
Oregon City
Portland

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APPENDIX A
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APPENDIX B

CP 734

EXCHANGES OF GTE NORTHWEST INCORPORATED
ENCOMPASSED BY THE APPLICATION

Beaverton
Forest Grove
Gresham
Hillsboro
Scholls
Sherwood
Stafford
Tigard

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APPENDIX B
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