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**BEFORE THE PUBLIC UTILITY COMMISSION**

**OF OREGON**

UI 93 (31)

In the Matter of the Supplemental Application	)	
of GTE Northwest Incorporated for Approval	)	ORDER
of Amendment Nos. 1 and 2 to the CMX	)	
Memory Agreement with AG Communications	)	
Systems Corporation, an Affiliated Interest.	)	

**DISPOSITION: SUPPLEMENTAL APPLICATION APPROVED WITH CONDITIONS**

On June 23, 2000, the Commission received a supplemental application from GTE Northwest Incorporated (Company), requesting approval of an agreement for software improvements with AG Communications Systems Corporation (AGCS), an affiliated interest.

At its Public Meeting on August 8, 2000, the Commission adopted Staff's recommendation to approve the application with conditions. Staff's recommendation is attached as Appendix A and is incorporated by reference.

**OPINION**

**Jurisdiction**

ORS 759.005 defines a "telecommunications utility" as anyone providing telecommunications service to the public in Oregon. The Company is a telecommunications utility subject to the Commission's jurisdiction.

**Affiliation**

An affiliated interest relationship between GTE Northwest Incorporated and AG Communications Systems Corporation exists under ORS 759.010.

**Applicable Law**

ORS 759.390 requires telecommunications utilities to seek approval of contracts with affiliated interests within 90 days of execution of the contract. The intent of the statute is to protect ratepayers from the abuses which may arise from less than arm's length transactions. *Portland General Electric Company*, UF 3739, Order No. 81-737 at 6. Failure to file within the 90-day time limit may preclude the utility from recovering costs incurred under the contract. See ORS 759.390.

ORS 759.390(3) requires the Commission to approve the contract if the Commission finds that the contract is fair and reasonable and not contrary to the public interest. However, the Commission need not determine the reasonableness of all the financial aspects of the contract for ratemaking purposes. The Commission may reserve that issue for a subsequent proceeding.

Ratepayers should not be harmed by approval of this application.

### **CONCLUSIONS**

1. The Company is a telecommunications utility subject to the jurisdiction of the Commission.
2. An affiliated interest relationship exists between GTE Northwest Incorporated and AG Communications Systems Corporation.
3. The agreement is fair, reasonable, and not contrary to the public interest.
4. The application should be granted.

### **ORDER**

IT IS ORDERED that the supplemental application of GTE Northwest Incorporated for authority to engage in certain affiliated interest transactions with AG Communications Systems Corporation is granted, subject to the conditions stated in Appendix A.

Made, entered, and effective \_\_\_\_\_.

BY THE COMMISSION:

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**Vikie Bailey-Goggins**  
Commission Secretary

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 of 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. A party may appeal this order pursuant to ORS 756.580.

