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BEFORE THE PUBLIC UTILITY COMMISSION**

OF OREGON

UM 1138

In the Matter of)	
)	
AT&T COMMUNICATIONS OF THE)	
PACIFIC NORTHWEST, INC.)	ORDER
)	
Petition to Remove the Conditions Placed)	
on AT&T's Certificate of Authority.)	

DISPOSITION: PETITION GRANTED AS MODIFIED

Background. On December 14, 1990, the Public Utility Commission of Oregon (the Commission) granted the application of AT&T Communications of the Pacific Northwest, Inc. (AT&T), for authority to be a competitive provider of telecommunications services in Oregon.¹ The UM 348 Order changed AT&T's status from interexchange utility to competitive provider and no longer required AT&T to price list its maximum rates for services.

The Commission found that AT&T's services were subject to competition from approximately 50 competitive providers and that AT&T held a 19 percent share of the intrastate toll market and a 50 percent share of the interstate toll market. AT&T's customers "have available to them alternatives to all the telecommunications services applicant seeks authority to provide and that the services are functionally equivalent or substitutable at comparable rates, terms, and conditions."²

The authority granted by the UM 348 Order³ came with seven letter-designated conditions, as follows:

- a. AT&T shall continue to provide basic message toll services at statewide average rates, except that it may provide basic message toll service within Oregon with statewide separate intraLATA and interLATA rates.

¹ *In re Application of AT&T Communications of the Pacific Northwest for a certificate of authority to provide telecommunications services in Oregon as a competitive provider.* Docket UM 348, Order No. 90-1820, entered December 14, 1990.

² *Id.*, p. 3.

³ Condition a. is set forth as modified by Order No. 95-268, entered March 10, 1995.

- b. AT&T shall retain ubiquitous serving arrangements for basic message toll services with all Oregon central offices.
- c. AT&T shall provide service at or below the P .01 standard -- i.e., one blocked call per 100 calls.
- d. AT&T shall continue to provide to the Commission pricing schedules for its services.
- e. AT&T shall notify all customers that it is no longer regulated by the Public Utility Commission of Oregon and has been reclassified as a competitive provider.
- f. AT&T shall provide information to be used by staff in a follow-up review report which will evaluate the impact on the public interest of the granting of this application.
- g. AT&T shall provide appropriate notification of price increases to customers.

On March 11, 2004, AT&T filed a Petition to Remove the Conditions Placed on AT&T's Certificate of Authority (Petition). In its Petition, AT&T asserted that the Commission had established that there were now hundreds of competitive carriers authorized to provide interexchange services, that AT&T was the only such competitive carrier subject to the described conditions and that the public interest would not be harmed if the conditions were removed.⁴

On March 26, 2004, Qwest Corporation filed a Petition to Intervene "to make sure that this petition is conducted and resolved in a reasonable, competitively neutral and nondiscriminatory manner."⁵ The Petition to Intervene was granted by Ruling on May 6, 2004.

On June 2, 2004, AT&T filed a Notice of Modification to its Petition to Remove the Conditions Placed on AT&T's Certificate of Authority, agreeing to retain the conditional language set forth in Condition g.⁶

Discussion. The competitive landscape has changed radically since the UM 348 Order was entered.⁷ The Staff Report, affixed to this Order as Appendix A, recommends that we grant the AT&T Petition, retaining only the conditional language set forth in paragraph g. of the UM 348 Order. The Staff Report provides a detailed analysis of the conditions formerly in place and a firm basis for its recommendation. Having reviewed the AT&T Petition and the Staff Report, we conclude that the Petition, as modified, should be granted and the actions proposed in the Staff Report undertaken. We also direct Staff to draft an order issuing AT&T a new

⁴ Petition, pp. 2-6.

⁵ Qwest Petition to Intervene, p. 2.

⁶ "AT&T shall provide appropriate notification of price increase to customers."

⁷ See, e.g., *The Status of Competition and Regulation in the Telecommunications Industry*, January, 2004, Oregon Public Utility Commission.

certificate of authority combining all of the certificates of authority now held by AT&T, with appropriate conditions, and cancelling all previous certificates.

ORDER

IT IS ORDERED that:

1. The Petition to Remove the Conditions Placed on AT&T Communications of the Pacific Northwest, Inc.'s Certificate of Authority filed by AT&T Communications of the Pacific Northwest, Inc., is GRANTED AS MODIFIED.
2. Conditions a., b., c., d., e. and f. shall be REMOVED from AT&T's Certificate of Authority.

Made, entered, and effective _____.

Lee Beyer
Chairman

John Savage
Commissioner

Ray Baum
Commissioner

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 applicable law.