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BEFORE THE PUBLIC UTILITY COMMISSION**

OF OREGON

CP 1245
UM 93, UM 348
CP 138, CP 139, CP 687

In the Matter of)	
)	
AT&T COMMUNICATIONS OF THE)	ORDER
PACIFIC NORTHWEST, INC.)	
)	
Applications for Certificates of Authority to)	
Provide Telecommunications Service in Oregon)	
and Classification as a Competitive Provider.)	

DISPOSITION: CP 1245, AUTHORITY GRANTED
UM 93, ORDER NO. 87-025 CANCELED
UM 348, ORDER NO. 90-1820 CANCELED
UM 348, ORDER NO. 95-268 CANCELED
CP 138, ORDER NO. 96-248 CANCELED FOR AT&T
CP 139, ORDER NO. 96-340 CANCELED FOR AT&T
CP 687, ORDER NO. 00-127 CANCELED

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

On March 11, 2004, AT&T Communications of the Pacific Northwest, Inc., (AT&T or Applicant) filed a Petition to Remove the Conditions Placed on AT&T's Certificate of Authority (Petition) and amended the Petition on June 2, 2004.

On July 15, 2004, by Order No. 04-396, docket UM 1138, the Commission granted the amended Petition¹, treating it as an application for a new, superceding certificate, and directed its staff to prepare an order issuing AT&T a new certificate of authority, with appropriate conditions, combining all the authority AT&T currently holds to provide telecommunications service in Oregon as a competitive provider. The Commission also

¹The Commission removed several conditions that had applied only to AT&T. However, the Commission concluded that AT&T should continue to be subject to the condition designated as Condition 8., *infra* at page 5.

directed that the new order cancel all previous certificates of authority held by AT&T. This order fulfills those purposes.

Background. Beginning in 1986, AT&T has filed numerous applications for authority to provide telecommunications services. The granted applications varied with respect to the authority requested and approved.

Applicant currently has authority to provide intraexchange (local exchange), switched service (i.e., local dial tone or POTS) and non-switched, private line service (dedicated transmission service) within all exchanges of the telecommunications utilities and cooperative corporations and associations listed in Appendices A and B to this order.

Applicant also has authority to provide interexchange switched service (toll) and non-switched, private line service (dedicated transmission service) statewide in Oregon. In the course of providing these services, Applicant may construct its own facilities and may operate as a reseller for intraexchange and interexchange service. Applicant may purchase network elements and finished services for resale only from other certified carriers. Applicant directly provides operator services as defined in OAR 860-032-0001 and may be an 'operator service provider' as defined in ORS 759.690(1)(d).

Applicant's current authority to provide telecommunications service is covered by the following Commission orders whose purposes are briefly described below:

1. Order No. 87-025, docket UM 93, dated January 7, 1987, authorized AT&T to provide interexchange service, statewide, as a telecommunications utility.
2. Order No. 90-1820, docket UM 348, dated December 14, 1990, authorized AT&T to provide interexchange service, statewide, as a competitive telecommunications provider. Order No. 90-1820 implicitly, but not explicitly, canceled Order No. 87-025.
3. Order No. 95-268, docket UM 348, dated March 10, 1995, modified one condition in Order No. 90-1820, but did not change AT&T's authority.
4. Order No. 96-248, docket CP 138, dated September 23, 1996, authorized AT&T to provide local exchange service, as a competitive provider, in several exchanges of Qwest Corporation and Verizon Northwest Inc., all in the Portland area. That is, AT&T was authorized to be a competitive local exchange carrier (CLEC).
5. Order No. 96-340, docket CP 139, dated December 30, 1996, authorized AT&T to be a CLEC in the remaining exchanges of Qwest and Verizon, and in all exchanges of CenturyTel of Oregon; CenturyTel of Eastern Oregon; United Telephone Company of the Northwest, dba Sprint, and Beaver Creek Cooperative Telephone Company.
6. Order No. 00-127, docket CP 687, dated March 2, 2000, authorized AT&T to be a CLEC in all the remaining exchanges in Oregon.

Applicant is affiliated with TCG Joint Ventures Holdings, Inc., dba TCG Oregon. TCG Oregon has authority to provide intraexchange and interexchange service throughout Oregon. *See* Order No. 96-248 in docket CP 148, Order No. 98-178 in docket CP 409 and Order No. 00-126 in docket CP 686. The authority granted to TCG Oregon by those three orders is not affected by this order.

Based on the record in this matter, the Commission makes the following:

FINDINGS AND CONCLUSIONS

Applicable Law

Two statutory provisions in particular apply to AT&T's applications. First, ORS 759.020 governs Applicant's requests to provide telecommunications as a competitive provider. Under ORS 759.020(5), the Commission shall classify Applicant as a competitive provider if Applicant demonstrates that its services are subject to competition, or that its customers or those proposed to become customers have reasonably available alternatives. In making this determination, the Commission must consider the extent to which services are available from alternative providers that are functionally equivalent or substitutable at comparable rates, terms and conditions; existing economic or regulatory barriers to entry and any other factors deemed relevant.

Second, ORS 759.050 governs Applicant's requests to provide local exchange (intraexchange) telecommunications service. Under ORS 759.050(2)(a), the Commission may authorize Applicant to provide local exchange service within the local exchange of a telecommunications utility if the Commission determines such authorization would be in the public interest. In making this determination, the Commission must consider the extent to which services are available from alternative providers, the effect on rates for local exchange service customers, the effect on competition and availability of innovative telecommunications service in the requested service area and any other facts the Commission considers relevant. *See* Order No. 96-021.

Designation as a Competitive Provider

Applicant meets 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 and cooperative corporations and associations listed in the appendices provide the same or similar local exchange services in the local areas served by AT&T. MCI, Sprint Communications, Qwest Corporation, Verizon Northwest Inc. and others provide interexchange telecommunications service in the Applicant's service area. Subscribers to Applicant's services can buy comparable services at comparable rates from other vendors. Economic and regulatory barriers to entry are relatively low.

Public Interest

With regard to the general factual conclusions relevant to AT&T's application to provide competitive local exchange service, the Commission adopts the Commission's findings in Order No. 93-1850 and Order No. 96-021. Based on a review of those findings, the Commission concludes that it is in the public interest to grant to AT&T a new certificate of authority to provide local exchange telecommunications service as a competitive provider in exchanges of the telecommunications utilities and cooperative corporations listed in Appendices A and B. Further, it is in the public interest to grant statewide interexchange authority. This finding will have no bearing on any determination the Commission may be called upon to make under Sections 251 or 252 of the Telecommunications Act of 1996 (47 USC § 251, 252) with regard to the telecommunications utilities and cooperative corporations in this docket.

Conditions on the Certificate

In Order No. 96-021, the Commission interpreted ORS 759.050 and established conditions applicable to competitive local exchange carriers. Conditions are also listed in administrative rules, including those specifically set forth in OAR 860-032-0007. AT&T, as a competitive provider, shall comply with the conditions adopted in Order No. 96-021, as well as all applicable laws, Commission rules and orders related to provision of telecommunications service in Oregon.

Further, pursuant to ORS 759.050(2)(c) and Order No. 96-021, AT&T, the Applicant, shall comply with the following conditions:

1. Applicant shall terminate all intrastate traffic originating on the networks of other telecommunications providers that have been issued a certificate of authority by the Commission.
2. Applicant shall make quarterly contributions to the Oregon Universal Service Fund based on a Commission approved schedule and surcharge percentage assessed on all retail intrastate telecommunications services sold in Oregon, pursuant to ORS 759.425. If Applicant bills the surcharge to its end-users, Applicant shall show the charges as a separate line item on the bill with the words "Oregon Universal Service Surcharge ____%."
3. Applicant shall offer E-911 service. Applicant has primary responsibility to work with the E-911 agencies to ensure that all users of its services have access to the emergency system. Applicant will deliver or arrange to have delivered to the correct 911 Controlling Office its customers' Automatic Number Identification telephone numbers so the lead 911 telecommunications service provider can deliver the 911 call to the correct Public Safety Answering Point. Applicant shall work with each 911 district and lead 911 telecommunications service provider to develop 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 shall provide the lead 911

telecommunications service provider with daily updates of new customers, moves, and changes with the correct ESN for each.

4. 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. Applicant shall not establish an EAS route from a given local exchange beyond the EAS area for that exchange.

5. When Applicant is assigned one or more NXX codes, Applicant shall limit each of its NXX codes to a single local exchange or rate center, whichever is larger, and shall establish a toll rate center in each exchange or rate center proximate to that established by the telecommunications utility or cooperative corporation serving the exchange or rate center.

6. Applicant shall pay an annual fee to the Commission pursuant to ORS 756.310 and 756.320 and OAR 860-032-0095. The minimum annual fee is \$100. Applicant is required to pay the fee for the preceding calendar year by April 1.

7. Pursuant to Oregon Laws 1987, chapter 290, sections 2-8, and to OAR chapter 860, division 033, Applicant shall ensure that the Residential Service Protection Fund surcharge is remitted to the Commission. This surcharge is assessed against each retail subscriber at a rate that is set annually by the Commission.

8. AT&T shall provide appropriate notification of price increases to customers for any service authorized by this order.

Competitive Zones

Pursuant to ORS 759.050(2)(b), all exchanges of the telecommunications utilities and cooperative corporations listed in the appendices to this order are designated competitive zones.

Pricing Flexibility

Dedicated Transmission Service

The telecommunications utilities listed in Appendix A are granted pricing flexibility for dedicated transmission service in their respective exchanges by this order. See Order No. 93-1850, docket UM 381.

Local Exchange Switched Service

Cooperative telephone companies and associations are generally not regulated by the Commission for local exchange services, and therefore already have pricing flexibility. Any telecommunications utility exempt under ORS 759.040, listed in Appendix A, has pricing flexibility for local exchange service. By Order No. 96-021, at page 82, pursuant to

ORS 759.050(5), the Commission established procedures whereby telecommunications utilities would be granted pricing flexibility for local exchange switched services. Qwest has complied with those procedural requirements for all of its exchanges. Verizon has complied with those procedural requirements for 40 of its 44 exchanges.

ORDER

IT IS ORDERED that:

1. AT&T Communications of the Pacific Northwest, Inc., is granted authority to provide intraexchange switched service and dedicated transmission service within all exchanges of the telecommunication utilities and cooperative corporations and associations listed in Appendices A and B. Further, AT&T is granted authority to provide interexchange switched service and dedicated transmission service statewide in Oregon. Applicable conditions are described in this order.
2. Applicant is designated as a competitive telecommunications provider for intraexchange service in the local exchanges of the telecommunications utilities and cooperative corporations listed in Appendices A and B. In addition, Applicant is designated as a competitive telecommunications provider for interexchange service statewide in Oregon.
3. The local exchanges of the telecommunications utilities and cooperative corporations and associations listed in Appendices A and B are designated as competitive zones.
4. Any obligations regarding interconnection between Applicant and the telecommunications utilities and cooperative corporations listed in Appendices A and B shall be governed by the provisions of the Telecommunications Act of 1996 (the Act). Commission Order No. 96-021 will govern the interconnection obligations between such parties for the provision of switched local services, unless otherwise addressed by an interconnection agreement or subsequent Commission order.
5. No finding contained in this order shall have any bearing on any determination the Commission may be called upon to make under Sections 251 or 252 of the Act with regard to the telecommunications utilities and cooperative corporations listed in the appendices to this order.
6. The telecommunications utilities listed in Appendix A shall receive pricing flexibility on an exchange-by exchange basis as set forth in this order.
7. Order No. 87-025, docket UM 93, is canceled.

ORDER NO. 04-494

- 8. Order No. 90-1820, docket UM 348, is canceled.
- 9. Order No. 95-268, docket UM 348, is canceled.
- 10. The authority granted to AT&T by Order No. 96-248, docket CP 138, is canceled. Order No. 96-248 as it pertains to other telecommunications providers is not affected by this order.
- 11. The authority granted to AT&T by Order No. 96-340, docket CP 139, is canceled. Order No. 96-340 as it pertains to other telecommunications providers is not affected by this order.
- 12. Order No. 00-127, docket CP 687, is canceled.

Made, entered, and effective _____.

Lee Beyer
Chairman

Ray Baum
Commissioner

John Savage
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.

APPENDIX A

CP 1245

EXCHANGES ENCOMPASSED BY THE APPLICATION

ALL EXCHANGES OF THE TELECOMMUNICATIONS
UTILITIES LISTED BELOW

Telecommunications Utilities Not Exempt Pursuant to ORS 759.040

CenturyTel of Eastern Oregon, Inc.
CenturyTel of Oregon, Inc.
Qwest Corporation
United Telephone Company of the Northwest, dba Sprint
Verizon Northwest Inc.

Telecommunications Utilities Exempt Pursuant to ORS 759.040

Asotin Telephone Company
Cascade Utilities, Inc.
Citizens Telecommunications Company of Oregon
Eagle Telephone System, Inc.
Helix Telephone Company
Home Telephone Company
Malheur Home Telephone Company
Midvale Telephone Exchange
Monroe Telephone Company
Mt. Angel Telephone Company
Nehalem Telecommunications, Inc.
North-State Telephone Company
Oregon Telephone Corporation
Oregon-Idaho Utilities, Inc.
People's Telephone Company
Pine Telephone System, Inc.
Roome Telecommunications, Inc.
Trans-Cascades Telephone Company

APPENDIX B

CP 1245

EXCHANGES ENCOMPASSED BY THE APPLICATION

ALL EXCHANGES OF THE COOPERATIVE
CORPORATIONS LISTED BELOW

Beaver Creek Cooperative Telephone Company
Canby Telephone Association
Clear Creek Mutual Telephone
Colton Telephone Company
Gervais Telephone Company
Molalla Telephone Company
Monitor Cooperative Telephone Co.
Pioneer Telephone Cooperative
Scio Mutual Telephone Association
St. Paul Cooperative Telephone Association
Stayton Cooperative Telephone Co.